U.S. News & World Report

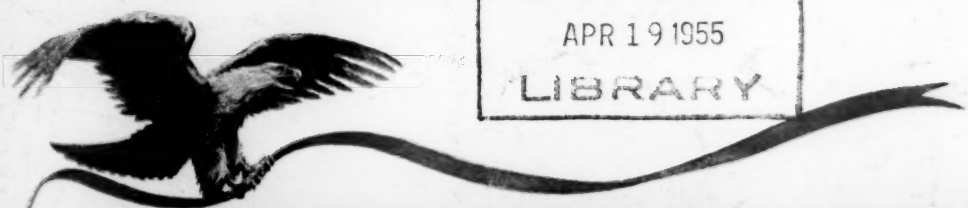
United States News ® World Report ®

APRIL 22, 1955 20 CENTS

#16

WHY TAX CUT IS CERTAIN FOR '56

PURDUE UNIVERSITY
APR 19 1955
LIBRARY



DEMOCRACY'S SICKNESS

—And a Way to Cure It

By WALTER LIPPMANN

MR J H MORIARTY
LIBRARIES
PURDUE UNIVERSITY
LAFAYETTE IND
01 A445RJAN56* H

Photograph by Barton Murray

"How will your garden grow?"

If the insect parade seems endless and you have trouble remembering *which* insecticide to use on *which* insect—here's good news for you!

Now you can kill the many types of insects attacking home-garden plantings with just one insecticide—malathion. Used alone, or in packaged combinations with fungicides, malathion makes available a practically all-purpose garden pest-control material. A product of Cyanamid research, malathion combines high insect killing power with safety in use because of its low toxicity to humans. In addition to its use on fruit, vegetables, field crops and ornamentals, malathion is now the preferred insecticide for flies on the farm, around the home and in municipalities.

Malathion is available in garden-supply stores from coast to coast as the active ingredient in products sold under the brand names of many well-known manufacturers. Here is another way in which American Cyanamid Company—through its Agricultural Chemicals Division—helps you grow a better garden . . . and helps the farmer grow more and better food for your table.

AMERICAN *Cyanamid* COMPANY

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

"YOUR BLACK EYE WILL LAST FOREVER!"

NICE part of a boy's rough-and-tumble black eye is that it's soon gone and forgotten.

Businesses that experience higher workmen's compensation premium payments than the rate established for their industrial class can cure this "black eye" through an improved record of safety.

Hardware Mutuals do more than just sell workmen's compensation insurance. Our Loss Prevention Service is an important influence in preventing losses, and policyholders can enjoy a better safety record and reduced costs. Trained specialists in this service will conduct foremanship training, help with improved production methods and organize educational programs for safety and industrial hygiene.

Hardware Mutuals current dividend on workmen's compensation premiums cuts the cost by 15%—and it is available to the small employer as well as the large. Hardware Mutuals rank among the leaders in prompt settlement of claims.

The service your full-time Hardware Mutuals representative can give you, in effect, means an extra man on the plant staff at no extra cost. This representative can provide services your company needs. Contact him today for the whole story, or simply write Hardware Mutuals, Stevens Point, Wisconsin.

Insurance for your AUTOMOBILE...HOME...BUSINESS

Hardware Mutuals®

Stevens Point, Wisconsin · Offices Coast to Coast

Now paying 20% dividend on personal auto insurance*

*Except Mass. Bodily Injury Coverages

HARDWARE MUTUAL CASUALTY COMPANY · HARDWARE DEALERS MUTUAL FIRE INSURANCE COMPANY

IN THIS ISSUE

★ What You Need to Know About the New Polio Shots

For the down-to-earth story of just what the new Salk polio vaccine can and cannot do, see: The practical answers from men who know, starting on page 35; extracts from an official report on the new vaccine, starting on page 42; how to get the shots for your youngster, explained in ABC form on page 44.

★ How Italy Handles Communists

A third of Italy's voters vote Red. Yet she remains a key Western ally. To see how Italy keeps Communism in check, read exclusive interview with Premier Scelba, page 70.

★ "Eavesdropping"—a Threat to Privacy

It's hard to keep anything secret now, with these new electronic gadgets to listen in on private conversations. To find out what they can do, turn to page 46.

★ Contents

March of News 4
Washington Whispers 8
Tomorrow: A Look Ahead 11
People of the Week 14
*Why Tax Cut Is Certain for '56 19
"A Prize in Every Package"
Business Hit by Giveaway Craze 24
The Way the Reds Plan to Win Asia 27
Why Republicans Worry About '56 30
New Polio Vaccine: Questions Answered 35
What Polio Tests Really Showed
—From the Official Report 42
We've Been Asked: How to Get Polio Shots 44
Gadgets With Big Ears: End to Privacy? 46
Worldgram 49
In Mixed Schools: Lower Standards? 53
*Democracy's Sickness—And a Way
to Cure It: by Walter Lippmann 58
The Man—The News:
Earl Warren—"No" Is the Answer 66
The Fight Against Communism In Italy
Interview With Premier Mario Scelba 70
Britain's Socialists Against Socialism 81
Some Prices Down, But—Less at Retail 88
Behind Red Pullback in Austria 92
News You Can Use 95
News-Lines for Businessmen 98
Adlai Stevenson on Asia Policy:
U.S. Must Give Up "Go-it-Aloneism" ..100
Labor Week:
Year-Long Strike—Company Still Going 107
Finance Week:
Taxpayers Give U.S. a Bonus 114
Trend of Business 121
Memo From Latin America 125
"Avoid Far Eastern Munich"
Address by Senator Knowland 127
Business Around the World 133
Plus and Minus:
Indicators of Business Activity 136
David Lawrence Editorial 156

The Associated Press is exclusively entitled to the use for republication of the local telegraphic and cable news published herein, originated by U. S. News & World Report or obtained from The Associated Press.

HANDY WAY TO SUBSCRIBE

U. S. NEWS & WORLD REPORT
Circulation Department, 437 Parker Ave., Dayton 1, Ohio

Please enter my subscription to U. S. News & World Report for one year and send bill to me. (U. S., its possessions and Canada, $5, other countries, $6.)

Name_____

Address_____

City_____ State_____

NHW 25

THE UNITED STATES NEWS
WORLD REPORT
U. S. WEEKLY
Three Titles Reg. U. S. Pat. Off.

Published weekly at Washington, D. C., Editorial and Executive Offices, the United States News Building, 24th & N Streets, N.W., Washington 7, D. C. Subscription rates, delivered prepaid, in United States, its possessions and Canada, $5 for one year, $8 for two years, $10 for three years. Postage to other countries $1 a year additional. Entered as second-class matter at the post office at Washington, D. C., under the act of March 3, 1879.

Entire contents of this publication copyrighted 1955 by United States News Publishing Corporation. Rights reserved under Pan American Copyright Convention and International Copyright Convention.

BOARD OF EDITORS
DAVID LAWRENCE, *Editor*
OWEN L. SCOTT, *Executive Editor*
BEN J. GRANT, L. NOBLE ROBINSON
Assistant Executive Editors
CARSON F. LYMAN
Managing Editor
WALTER HUSTED, *General News Editor*
DEREK FOX, *Art Editor*

ASSOCIATE EDITORS
W. B. RAGSDALE, GEORGE W. BOLTON
RICHARD L. TURNER, GLENN WILLIAMS
M. L. RAMSAY, W. C. BRYANT
JOHN H. ADAMS, GEORGE E. JONES
FRED M. HARMON, JULES B. BILLARD
ARCHIE ROBINSON, ROBERT GINSBURGH
LEONARD WILLIAMS, DONALD P. DOANE
CHARLES M. PLATT, FRED VANDERSCHMIDT
J. FRANK DIGGS, CLARKE BEACH
A. S. McLEOD, *Chief Economic Unit*
PHILIP H. BOLLINGER, CHARLES H. DAVEY
JOHN B. BLEDSOE, THOMAS H. F. HUGHES
Regional Editors: New York, GILMORE IDEN
San Francisco, EDWIN J. DRECHSEL

NEWS EDITORS
TURNER ROSE, WILLIAM H. RIEBOLD
THURBER W. CUSHING, DONALD BECKER
F. W. GAPP, JOHN P. SUTHERLAND
N. KEY HART, ALBERT J. MEYERS
FRED A. EMERY, L. DAVID LeROY
F. E. GALBRAITH, JR., CLAIR JOHNSON
Assistant News Editors: Barbara Blair Furlow, Iva Holland, Lucy Cobb Jones.
Research: Catherine Adams, Barbara Eddy, Mabel S. Groettum, Thomas E. Russell, Donald Smith.

WORLD STAFF
HOWARD FLIEGER, *Directing Editor*
JOHN R. FLEMING, *Associate Director*
CHARLES FOLTZ, JR., *European News Editor*
CLARK H. GALLOWAY, *Inter-American News Editor*
PERRY K. SELLON, *Editor, World Business*
CHARLES H. KLINE, *Associate Editor, London*

REGIONAL EDITORS ABROAD
ROBERT KLEIMAN ..... Western Europe
KURT LACHMANN ..... Central Europe
JOHN D. LAW ..... Southern Europe
JOE FROMM ..... Southeast Asia
ROBERT P. MARTIN ..... Japan and the Far East
BUREAUS: LONDON, PARIS, BONN, ROME, SINGAPORE, TOKYO

ART DEPARTMENT, WASHINGTON
H. KLEBANOFF, *Director*, J. Ernest Beavin, H. C. Richardson, Walter O. Gretschel, E. H. Castens, M. J. Shimp
Staff Photographer: Thomas J. O'Halloran, Jr.
LUTHER A. DAWSON, *Librarian*

BUSINESS DEPARTMENT
24th & N Sts., N.W. Washington 7, D. C.
JOHN H. SWEET, *Publishing Director*
ANTHONY R. GOULD, *Business Manager*
HAROLD M. WELLS, *Executive Secretary*
W. L. BRAUER, *Treasurer*

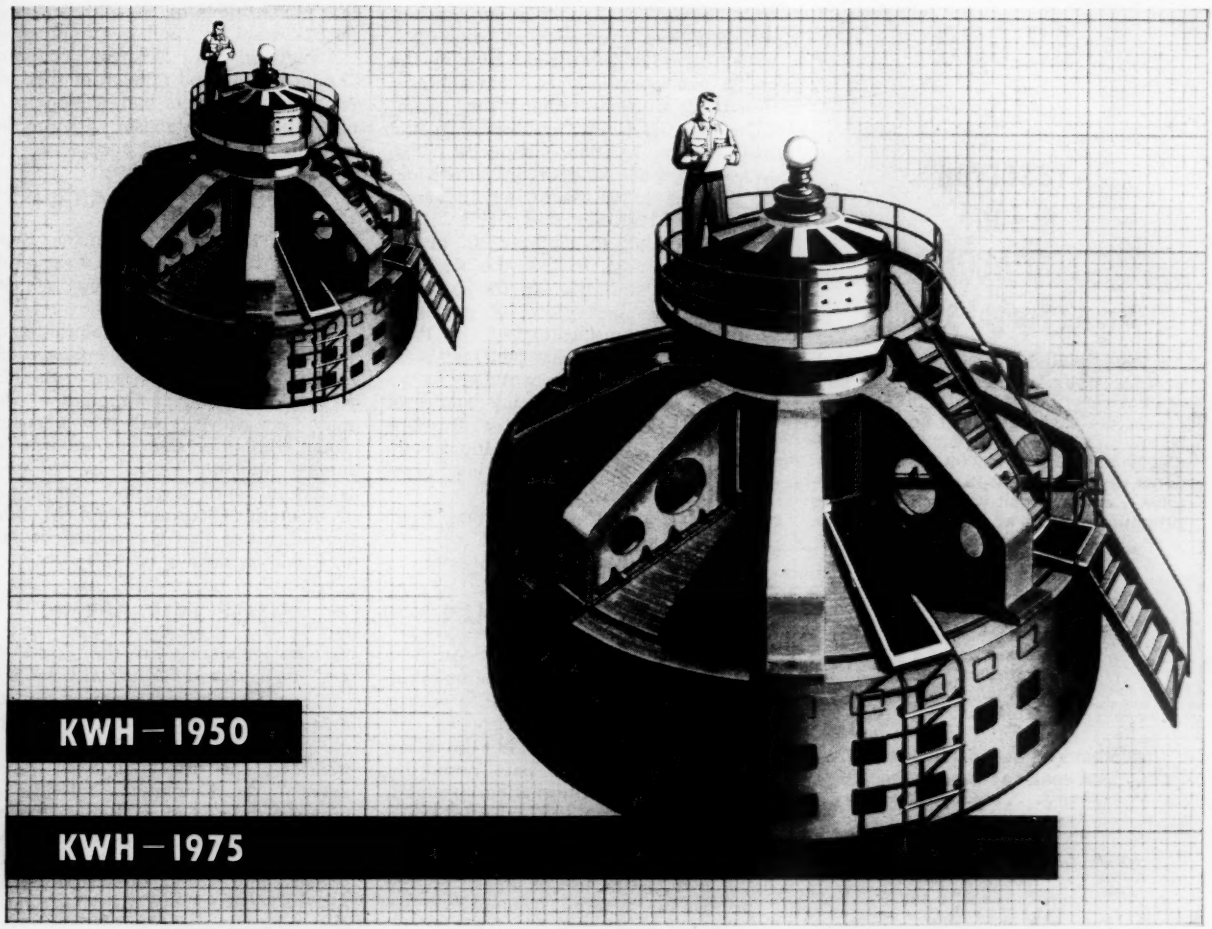
ADVERTISING DEPARTMENT
30 Rockefeller Plaza, New York 20, N. Y.
Tel. Circle 6-3366
H. L. BEHLKE, *Director of Advertising*
NORMAN O. MICK, *Associate Advertising Director*
35 East Wacker Drive, Chicago 1, Ill.
Tel. Dearborn 2-4042

CIRCULATION DEPARTMENT
435 Parker Avenue, Dayton 1, Ohio
W. W. SPURGEON, *Manager*

PRODUCTION OFFICE
RALPH M. FRANCISCO, *Manager*
350 Dennison Avenue, Dayton 1, Ohio
Tel. Melrose 9231

All communications relating to news or editorial matters should be addressed to the Executive Offices, 24th & N Streets, N.W., Washington 7, D.C. Tel. District 7-2900. Communications relating to subscriptions should be addressed to Circulation Department, 435 Parker Avenue, Dayton 1, Ohio

How many generators, how many kilowatts...in 1975?



A recent study indicates the production of electric energy should climb from 389 billion kilowatt hours in 1950 to *1,400 billion kilowatt hours in 1975... a rise of 260%.** *

This estimate is based on a careful study of the needs of America's expanding population and suggests the possibilities of growth for light and power companies and many other segments of the electrical industry.

An indispensable ingredient of business success is a banking arrangement flexible enough to take care of short and long term requirements ... adaptable to unusual opportunities.

The Bank of New York, with 171 years of commercial banking experience, has been meeting the banking needs of the producers and users of electric power as well as the manufacturers, distributors and retailers of electric equipment during the past decades of expansion.

The knowledge and facilities of this Bank are geared to the competitive needs of corporations in today's expanding economy.

*Estimate taken from *A Report to the President by The President's Materials Policy Commission*

THE BANK OF NEW YORK

New York's First Bank • Founded 1784

Main Office: 48 WALL ST. ☆ Uptown Offices: 513 FIFTH AVE. ☆ MADISON AVE. AT 63rd ☆ MADISON AVE. AT 73rd
(Temporary During Construction)

Member Federal Deposit Insurance Corporation

300 MPH BOXCARS

32,000 lb. reserved for YOU ALONE

Mr. Air Freight Shipper!

Air Freight—and Air Freight only—gets preferential treatment from the new Slick Airways. Nothing else takes precedence: not passengers, not mail, not Air Express. Air Freight gets 100% of usable space. Up to 32,000 lb. (DC-6A), down to the smallest items ($4.00 minimum), every pound we handle receives premium service at Air Freight rates.

We are the Air Freight Specialists. At Slick, Air Freight is our business. Your shipment gets our undivided attention.

EXAMPLES OF NEW SLICK SERVICE
NEW YORK TO LOS ANGELES
Air Express ..... Overnight
Railway Express ..... 4 days
NEW SLICK AIRFREIGHT.... Overnight
Note: Eastbound rates especially favorable.

OVER 30 CITIES SERVED;

CHECK YOUR LOCAL PHONE BOOK

CALL NOW... a SLICK truck will come to your door.

SPEED • ECONOMY • DEPENDABILITY

SLICK

The Certificated Scheduled Air Freight Line

For rates and schedules write Slick Airways, Inc., Burbank, Calif.

The March of the News

PROPHETIC WORDS

THE SOVIET AGREEMENT on an Austrian Treaty was foreshadowed when Austrian Chancellor Julius Raab came to the conference rooms of *U. S. News & World Report* for an exclusive interview.

In that interview, published in the issue of Jan. 7, 1955, Chancellor Raab was asked what kind of pressure could be brought on Russia to get an agreement. The Chancellor said:

"Strength has to be built up in the Western countries so that the Russians concede this and that—in the Austrian Treaty in the first place, of course. I think that the ratification of the Paris and London Agreements will add great strength to the Western world.

". . . The very fact of an existence of a unified Europe forces the Russians somehow to get into negotiations with this power and that power and grant certain concessions.

"We are, in spite of everything, I can assure you, absolute optimists!"

For more on Austria, see page 92.

WORK IN THE SUN

SUNNING AND GOLFING in Augusta, Ga., on an eight-day vacation, President Eisenhower found time to whittle away at a backlog of work.

In the international field, the Chief Executive approved a pact permitting the U. S. to share information on atomic weapons with its North Atlantic Treaty allies.

The President also gave the green light to industrial use of atomic energy. The Atomic Energy Commission was authorized to issue the first regulations covering development of atomic power for commercial purposes.

ONE RUSSIAN'S AMERICA

THE GOOD OLD DAYS in the United States were described by Anastas I. Mikoyan, one of Russia's First Deputy Premiers, at a Moscow reception.

Chatting with Western newsmen, Mr. Mikoyan fondly recalled his visit to this country in 1936—a year that Americans remember for 8.6 million unemployed and a depression.

The things that he admired while in the U. S. on a look-around trip as Soviet Commissar of Trade, the Deputy Premier said, were Americans' "initiative, inventiveness, ability to get along together, and simplicity in individual life."

Mr. Mikoyan confessed his reluctance to visit the U. S. of 1955. "I am told that if I went back now I would not recognize the country," he said. "I have very fine recollections of the old America. I do not want to spoil my impressions.'

Laughing, Mr. Mikoyan continued: "Lenin had a good opinion of that other America. We even had a slogan: 'To unite Russian Bolshevism with American efficiency and German accuracy.'"

COSTLY CAMPAIGNS

WHEN IT CAME TO DOLLARS, Republicans and Democrats were agreed. Both wanted to spend more money in 1956.

Each party's National Committee now is permitted to spend 3 million dollars on the campaign to elect a President. Republican National Committee Chairman Leonard W. Hall told a congressional committee that amount was "outmoded and unrealistic" in an age of television and airplane campaigning. Democratic Chairman Paul M. Butler agreed, asked that the ceiling be raised to 6 million dollars.

SIEGE FOR BERLIN?

A NEW SKIRMISH in the "cold war" broke out in Berlin, with hints that the East German Government might act to restrict movement between Eastern and Western sectors of the city. Announcing the arrest of 521 "Western agents," the Communist satellite Government dubbed West Berlin "the main center of their espionage and diversionist activity." Tensions in Berlin, the Reds added, "must lead to undesirable consequences and special hardships for the population of West Berlin."

PARTY TALK

A RARE OPPORTUNITY presented itself to U. S. Ambassador to Russia Charles E. Bohlen, and he made the most of it. The occasion was a Moscow reception in honor of a group of Austrians.

Ambassador Bohlen speaks the Russian language fluently, but seldom gets a chance to use it with Soviet leaders. At the reception, he talked earnestly with Soviet Premier Nikolai A. Bulganin for nearly an hour. Their conversation ranged over a broad field, from Soviet agriculture to the international scene.

Reporting back to Washington, Mr. Bohlen said he had raised another subject: He urged more frequent contacts between Western diplomats in Moscow and the Kremlin leaders. Premier Bulganin promised to take action.

Telephone Diary

HOUSEWIFE TELLS HOW FAMILY'S TELEPHONES SAVE STEPS, TIME AND WORRY—DAY AND NIGHT

4 A. M. Jack's a sound sleeper but he woke up fast when he heard the news. "It's a boy!" he shouted. "Nearly eight pounds. Mary's fine." Then I talked and Jack talked. Bless that bedroom telephone!

8 A. M. to 11 A. M. Just couldn't wait to tell Betty and Peggy about the baby. Then I ordered Jack's favorite roast for dinner and was lucky to get a hairdresser appointment. A grandmother must keep young!

5 P. M. Wouldn't you know! The very night I have something special for dinner Jack gets held up at the office. But it wasn't too bad. He telephoned he'd be an hour late. It's wonderful to have a telephone in the kitchen.

10 P. M. Such excitement! First Jack Jr.'s baby. Then Alice tells us she's engaged. I wasn't too surprised because of all those telephone calls and dates. I'm so glad it's that nice Bob Johnson.

EVER READY...EVER HELPFUL. Day or night, rain or shine, the telephone stands ready to help you in the everyday affairs of life as well as emergencies. In office and home, these oft-repeated words reveal its value—"I don't know what I'd do without the telephone."

BELL TELEPHONE SYSTEM

BROADER INSURANCE PROTECTION

You can count on the newest and best in insurance from the North America Companies. Here are six examples of pioneering by Indemnity Insurance Company of North America

As the leading Independent Market for casualty insurance, Indemnity Insurance Company of North America has simplified and improved many coverages, especially those needed by business concerns. It has pioneered in many fields of protection for the benefit of insureds. As a result, it is today able to offer business protection programs that are broad and economical.

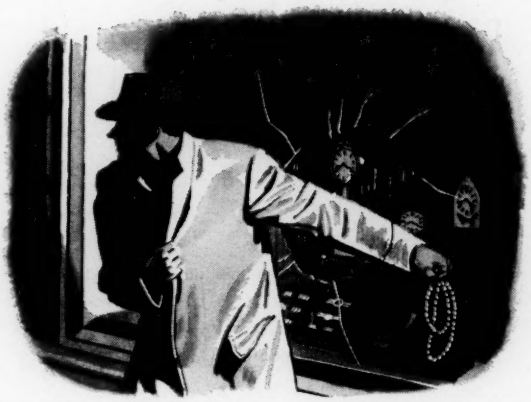
There are contracts tailored to your needs, backed by loss prevention service and claims service that make these policies a *better buy!*

We invite you to discuss your business insurance programs with your Agent or Broker. Ask him to explain them in detail.

NORTH AMERICA COMPANIES

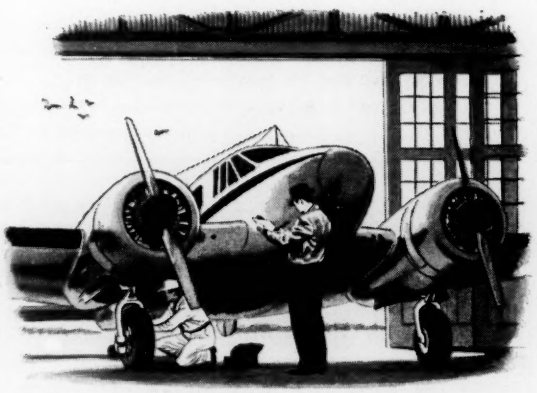
Insurance Company of North America
Indemnity Insurance Company of North America
Philadelphia Fire & Marine Insurance Company

PROTECT WHAT YOU HAVE© **Philadelphia 1, Pa.**



1. Mercantile Open Stock Burglary Policy*. No coinsurance clause. Provides all normal coverage, plus loss following forcible exit by thief hidden on premises; windows and showcases, regardless of property line; plate glass, lettering and ornamentation; can be written to cover vandalism and malicious mischief at a price much lower than available elsewhere.

* Not available in New York, Louisiana or Texas

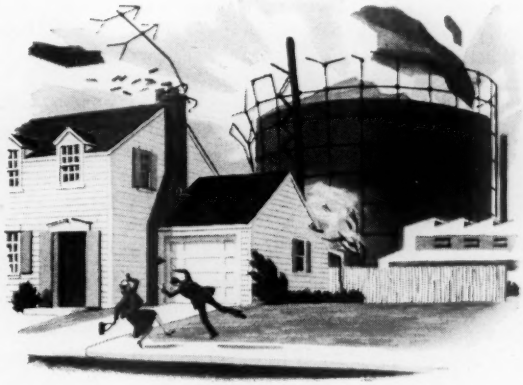


4. Business Aircraft Insurance. The broadest coverages available for company-owned aircraft, tailored to include any and all coverages to meet your requirements. This most modern Aircraft Insurance includes fast, professional service from Aviation Department specialists, an important plus for you.

NAT LOWER COST... FOR BUSINESS

2. Blanket Liability Policy*. Tailor-made policy covers all liability insurance hazards present in an individual risk. Covers unknown hazards and known hazards by its broad insuring agreements modified by a minimum of exclusions. Does away with costly record keeping for premium determination required by conventional policies since only one rate is quoted.

* Not available in New York, Louisiana or Texas



3. Excess Liability Insurance. Indemnity Insurance Company of North America, one of the North America Companies, is the most prominent domestic market for excess catastrophe insurance covering general liability, automobile liability and workmen's compensation. Indemnity offers the broadest facilities in the excess as well as the primary fields.

5. Blanket Travel Accident Policy. Covers *all* employees while they are traveling or flying on company business. Provides world-wide accident protection twenty-four hours a day while traveling on company business—includes rail wrecks, air crashes, hotel fires and other accidents occurring while traveling.

6. Key Man Group Accident and Sickness Insurance. A unique accident and sickness program for your team of key men employees. Especially designed for your company, it gives your employees security during disability. Also provides high limits and broad benefits to fit the needs of this indispensable key man group.

Washington Whispers®

[Items appearing on this page are reported in Washington and other news centers]

Bursitis: Boon for Ike's Golf . . . Mr. Morse Slipping At Home? . . . Jobs Delivered to 10,000 Republicans

President Eisenhower finds that bursitis in his right arm helps rather than hampers his golf game. Ike, like most other golfers, has a tendency to use his right arm too much in drives. When he favors that arm he puts more power into his left and gets longer shots.

★ ★ ★

Thomas E. Dewey, Gen. Lucius Clay and others who long have had a great influence upon President Eisenhower were called recently to a highly secret dinner, arranged by White House staff people who had become excited by remarks of the President about a second term. Mr. Eisenhower is reported to be concerned anew about Mrs. Eisenhower's health.

★ ★ ★

Not even all of the persuasive powers of Mr. Eisenhower himself would now be enough to induce Chief Justice Earl Warren to accept a draft for the Republican presidential nomination in case Ike should decide against running for a second term in the White House.

★ ★ ★

Earl Warren, as Chief Justice of U. S., is very happy in his job and, after living on the modest salary of a State official most of his life, is enjoying a California pension in excess of $10,000 a year as well as a salary now raised to $35,500. If he retires later from the bench, this income continues without reduction.

★ ★ ★

Some important Republican politicians are saying privately they believe that Augusta, Ga., where the President spends golfing vacations, has a poor political climate for Mr. Eisenhower. The reason is that most of the President's close associates in Georgia are Democrats who tend to give advice that runs counter to some of the things the Republican Party favors.

★ ★ ★

Charles Willis, Jr., White House assistant charged with patronage matters, is being credited with helping to place 10,000 Republicans in Government jobs through the machinery now set up. There now are fewer complaints from Congress about patronage problems.

★ ★ ★

A recent grassroots survey of opinion in Oregon produced the conclusion that Governor Paul Patterson, as of now, would defeat Senator Wayne Morse in a race for the seat that Mr. Morse now holds. Douglas McKay, Secretary of the Interior, it was found, would do less well.

★ ★ ★

Richard M. Nixon, Vice President, was not named in a resolution recently adopted by Republican leaders of California endorsing President Eisenhower for a second nomination. Mr. Nixon had many friends, but not a majority, among Republican leaders in his State. Rivalry between Mr. Nixon and Senator William Knowland plays a big part in California politics.

★ ★ ★

Some important Senators think that the White House would do better to consult legislators rather than businessmen and Governors when drafting Administration bills. The White House highway plan involved an attempt to have the Senate initiate tax legislation, a procedure in violation of the Constitution. Senators notice an amateurish touch in White House bill drafting.

★ ★ ★

Harold Stassen, in his new Cabinet-rank job of planner for disarmament, is carrying the additional job of keeping tab on Government contracting to try to avoid situations that might prove embarrassing in the future. The White House realizes that there are chances for slips when spending goes on at the rate of 60 billions a year.

★ ★ ★

John Foster Dulles, Secretary of State, has recommended that U. S. set out specifically what it will defend in Asia and then hold to its decision regardless of consequences. Mr. Dulles is pictured as feeling that uncertainty may induce the Communists to take chances that can lead to war. President Eisenhower, to date, is unwilling to accept this line of policy on the ground that the American people do not want to fight over little islands in the Pacific.

★ ★ ★

Some mystery surrounds the purpose of a pamphlet just issued by the Government under the title: "As I see the Russians," by Dwight D. Eisenhower. The pamphlet is heavily illustrated with pictures of General Eisenhower in company of top Russian officials receiving high Russian Government decorations. The impression given is that the President knows how to get along with Russia.

★ ★ ★

V. K. Krishna Menon, India's Chief Delegate to the United Nations and No. 1 adviser to India's Jawaharlal Nehru, has suggested that the island of Formosa, now guaranteed by U. S., might well be turned over to Communist China as a solution of the defense problem it offers.

★ ★ ★

Senator Joseph McCarthy, of Wisconsin, is showing friends a $1,000 check he has just received from the U. S. Treasury as a refund for overpayment of income taxes.

The Wonder Plastic ...a Great New Source!

USINESS MONDAY, AI

National Petro-Chemicals Opens Polyethylene Plant

NEW PLANT in "Petro" Group

Tuscola, Ill.,—Production of polyethylene, the wonder-plastic, is now under way at the recently completed unit of National Petro-Chemicals Corporation. The plant is a 60% owned subsidiary of National Distillers Products Corporation. Initial production rate of the plastic resin is expected to be 26 million pounds per year. Located next to "Petro's" ethylene unit, which supplies the raw material, the polyethylene plant will help meet the nation's increasing demand for this remarkable plastic.

From food packaging to plastic pipe, from handy squeeze bottles and unbreakable dishes to children's toys . . . polyethylene's myriad consumer and industrial uses are increasing every day. Odorless, tasteless, and flexible even at low temperatures, this wonder-plastic also resists most corrosive chemicals.

This month National Petro-Chemicals Corporation, a 60% owned subsidiary of National Distillers Products Corporation, starts production of polyethylene resin. The product, trade marked "Petrothene", is marketed by the U. S. Industrial Chemicals Co., Division of National Distillers, for use as a raw material by the plastics industry in a wide variety of industrial applications and for hundreds of products for household use.

Polyethylene consumption is growing so rapidly that experts predict it will become the first billion pound per year plastic. To secure National's place in this growing market, the polyethylene plant has been designed for future expansion to several times its original capacity.

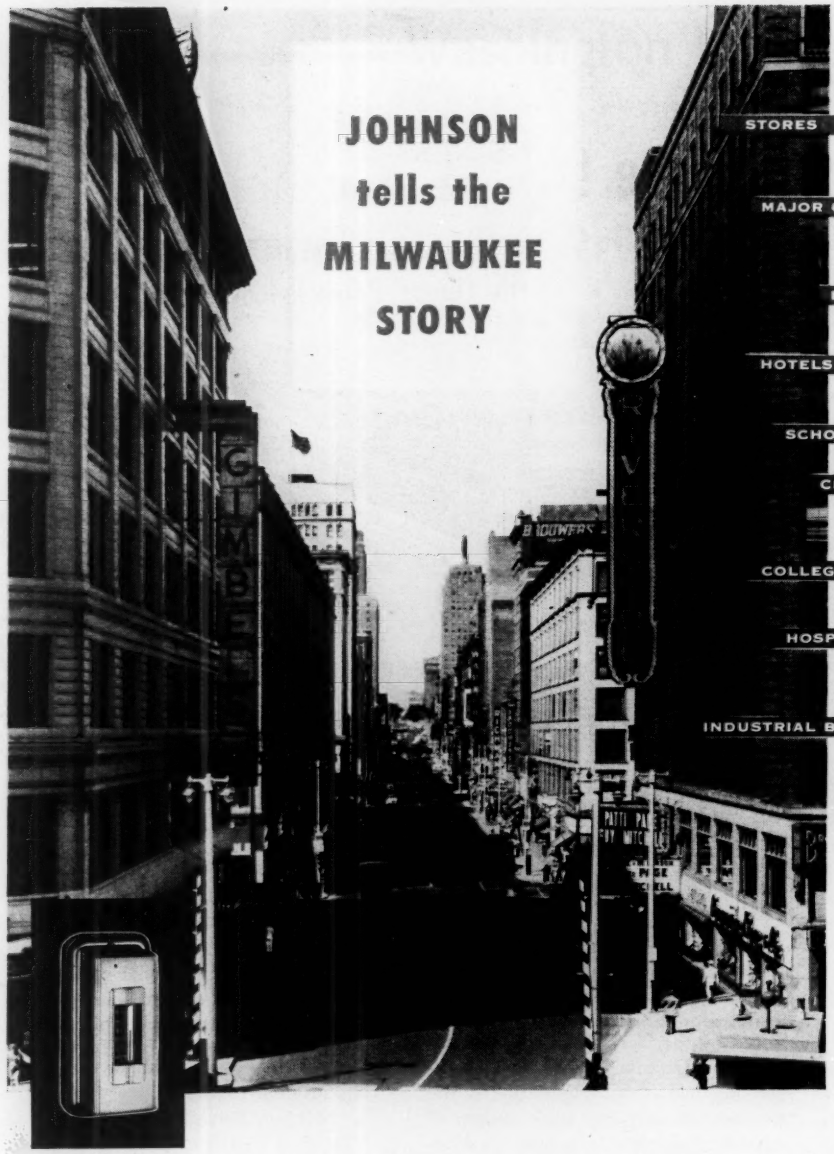
Making "Petrothene" is only one of National Distillers' diversified activities, which include production of other important petro-chemicals, solvents, intermediate and industrial chemicals—as well as many fine distilled beverages, some of which are listed below.

National Distillers Products Corporation

NEW YORK 16, N. Y.

OLD GRAND-DAD · OLD TAYLOR · OLD CROW · PM · OLD SUNNY BROOK (BRAND) · GILBEY'S GIN · HILL and HILL BELLOWS PARTNERS CHOICE · BOURBON DE LUXE · BOND & LILLARD · OLD HERMITAGE · DeKUYPER CORDIALS

OLD GRAND-DAD, OLD TAYLOR, OLD CROW, KENTUCKY STRAIGHT BOURBON WHISKIES, BOTTLED IN BOND, 100 PROOF. • PM BLENDED WHISKEY, 65% GRAIN NEUTRAL SPIRITS, 86 PROOF. • OLD SUNNY BROOK KENTUCKY WHISKEY—A BLEND, 65% GRAIN NEUTRAL SPIRITS, 86 PROOF. GILBEY'S DISTILLED LONDON DRY GIN, 100% GRAIN NEUTRAL SPIRITS, 90 PROOF. • BELLOWS PARTNERS CHOICE WHISKEY—A BLEND, 60% GRAIN NEUTRAL SPIRITS, 86.8 PROOF. • HILL AND HILL, BOURBON DE LUXE, BOND & LILLARD, OLD HERMITAGE, KENTUCKY WHISKIES.



First Again!

Nearly all important buildings in Milwaukee are equipped with Johnson Automatic Temperature Control. For example:

STORES

Every major department store—Gimbels, Boston Store, Chapman's, Schuster's; also leading chain, variety and apparel stores.

MAJOR OFFICE BUILDINGS

Practically all, including Northwestern Mutual Life Insurance Co., Milwaukee Gas Light Co., Wisconsin Tower Building.

BANKS

Every leading Milwaukee bank and many of their branches.

HOTELS

All the leading hotels—The Schroeder, The Pfister and others.

SCHOOLS

Over 4 of every 5 schools in the entire area.

CLUBS

All the leaders, including the Milwaukee Athletic, Wisconsin, City, University, Elks, Eagles and Milwaukee Jewish Center.

COLLEGES

Every college in the area has Johnson Control in most or all buildings.

HOSPITALS

All Milwaukee hospitals with automatic temperature control systems have Johnson Control.

INDUSTRIAL BUILDINGS

Hundreds of installations, including:

Allen-Bradley Co.
Chain Belt Company
Cutler-Hammer, Inc.
Hotpoint, Inc.
Ladish Co.
Miller Brewing Co.
Milprint, Inc.
Pabst Brewing Co.
A. O. Smith Corp.
Square D Company
Allis-Chalmers Mfg. Co.
Continental Can Co., Inc.
Evinrude Motors Division
General Electric Co.
International Harvester Co.
Kearney & Trecker Corp.
Nordberg Mfg. Co.
Jos. Schlitz Brewing Co.

Milwaukee Arena • Milwaukee Journal
YMCA's • Public and Government Buildings
Milwaukee Sentinel • Telephone Buildings
Apartments • Restaurants • Theaters

To insure satisfying, made-to-order temperatures in today's buildings, most businesses depend on Johnson Automatic Temperature Control Systems. For example, along Milwaukee's "Magnificent Mile," one of America's top business districts, nearly every building in sight has Johnson Control! And you'll see the familiar Johnson Thermostats in most of Milwaukee's other important buildings as well.

Whether your particular problem involves comfortable, even temperatures for workers and customers or protective temperatures for products and processes, Johnson has the right answer. A pace-setting, Johnson-engineered Temperature Control System, planned to meet the exact needs of your building and its occupants, is the finest obtainable . . . offers you the ultimate in comfort, accuracy and operating economy.

That's why you'll find Johnson Control not only in Milwaukee's, but in the majority of all America's outstanding buildings. Why not let Johnson provide your own building—small or large, new or existing—with these same important benefits. It costs no more!

If you plan to build or modernize, remember, any problem of temperature, humidity or air conditioning control is best solved by Johnson, the only nationwide organization devoted exclusively to planning, manufacturing and installing automatic temperature control systems. JOHNSON SERVICE COMPANY, Milwaukee 2, Wisconsin. Direct Branch Offices in Principal Cities.

JOHNSON CONTROL

TEMPERATURE AIR CONDITIONING

PLANNING • MANUFACTURING • INSTALLING • SINCE 1885

FROM THE NATION'S CAPITAL

Tomorrow®

A LOOK AHEAD

Newsgram®

24th and N Streets, N.W.
Washington, D. C.

You can look forward to prosperity through first half, 1956, at least.

Incomes are going to go on rising. Spending will, too. Goods of all kinds will be in plentiful supply. Jobs will be abundant in most areas.

Momentum of good times, strongly under way, will not suddenly reverse. Prosperity records, instead, are going to be set in many fields.

Nearly 7 million families will get new cars this year. As many as 1.4 million will move into new residences. About 7 million will get new TV sets.

Pay checks that now average $75.30 a week for factory workers will get bigger. Living standards, as a result, will rise again. Food is going to be superabundant and rather cheap. Clothing will be abundant, reasonable.

People, generally, will be better off than ever before.

What you're seeing is a strong cycle turn upward. Once firmly fixed, a turn of this kind runs until too much exuberance forces some correction.

The danger: eventual excesses in the use of credit.

Credit inflation--in mortgage and installment credit--sooner or later will spell trouble unless kept under control. What to expect: moves of a positive kind to make it a little harder to borrow. Those moves can be looked for by late 1955 or early in 1956, as things now are going.

Credit reins, however, will be tightened cautiously, with care.

What planners aim for: Full employment without inflation of prices.

That's a difficult goal to realize. It gets complicated by a tendency for things to get out of balance, for wage demands or security speculation or credit use to run away, upsetting the whole business applecart.

It is wise to be wary if an idea gets around of a "new era."

Republican planners, however, do feel that they can keep excesses from developing without reversing trends and forcing a real depression later.

War around Formosa, upsetting things at home, seems very improbable.

Eisenhower strongly favors a cease-fire. He's put Chiang Kai-shek under wraps, assured the Communist Chinese against attack. Russia's leaders, in bad trouble at home, are not interested in taking on another headache in Asia. They control Communist China's supplies; can keep that country in check.

It's U.S. and Russia, not Chiang and Mao, who hold the key to war or peace in the Formosa area. Each side, at the top, is against a fight now.

The war, scheduled by some people for April 15, already is late. Odds are that it will be a long time coming in the light of present attitudes.

 (No part of this or any other page may be reproduced without written permission)

Peace talks, instead, are coming into sight again.

Russians, obviously, want talks. They want a deal that will give them help in building up their new empire. It's badly down at the heels now.

Eisenhower would like talks. He has a strong feeling that he knows how to get along with the Russian leaders if given half a chance.

Trends, as a result, are toward moves to ease, or to end, the "cold war."

Racial segregation in schools is unlikely to end next September.

Segregation will end slowly, gradually, community by community.

End to segregation, most probably, will be left to U.S. district courts to bring about in the light of local problems, local difficulties.

Supreme Court, most probably, will avoid a flat order directing that all racial barriers in all schools fall on a fixed date in 1955. Decree is not expected before June.

Segregated schools, however, are on the way out. Segregation in other fields gradually will end, too. Years, not months, will go by before the process is completed, or even carried very far in the South.

It took half a century for the "separate but equal" doctrine to get real acceptance. To lower all social and economic barriers between races may take at least as long. As legal moves to force integration are applied, the tendency will be for racial groups to seek a sort of "voluntary" segregation.

Polio vaccine, relieving one health threat, may be just a start.

A vaccine against influenza, even against the common cold, may follow. There is talk about an antituberculosis vaccine.

The Salk method of preparing vaccine is described as opening the way to a whole field of development. A good many diseases, resistant to available preventives or cures, now may go the way of typhoid and smallpox as threats.

A guaranteed annual wage, now in dispute, is not really in sight.

Wage guarantees, where offered in a few companies, are much hedged about, are either profit-sharing plans or means of dividing overtime pay. Company guarantee of full pay for no work could not be assured.

Annual-wage demand, in the end, will be much watered down, probably will involve either (1) some form of severance pay, or (2) an individual company plan for what might be called private unemployment insurance to come on top of the present State unemployment insurance.

In Congress, the outlook continues to be for a minimum of new laws.

Ike's highway plan, 101 billions in 10 years, will be watered down and limited in size before approval. School-building aid will be delayed.

Draft for youths will be extended in present form. Universal service is not to be approved. Reserve training is unlikely to be tightened much.

Foreign aid will go on. Military appropriations will be cut as asked.

Eisenhower himself is going to come under increased pressure to accept a second nomination. Earl Warren, Chief Justice, trying to close the door to a draft for himself, makes Ike look even better to Republican leaders. If it isn't Eisenhower in 1956, for any reason, Nixon may have an inside track.

 (No part of this or any other page may be reproduced without written permission)

where do you want it ?

Service to prospering communities in 21 states

•

The nation's fastest growing telephone system

A new America in the making . . . a new way of life for millions . . . as people and industry leave the crowded cities.

When plants and businesses relocate, they must have modern telephone service. And today, it's waiting for them, in thousands of communities served by General.

We saw this migration coming . . . planned, invested, built to meet it. All part of our job . . . supplying efficient communication, wherever it's wanted, throughout General's expanding areas.

GENERAL TELEPHONE SYSTEM

One of America's Great Telephone Systems

260 MADISON AVENUE, NEW YORK, N. Y.

PEOPLE ★ ★ ★

OF THE WEEK

DR. JONAS E. SALK will not be able to cash in on his discovery of polio vaccine. He holds no patent, has no rights of ownership to the formula, will get no royalties from the manufacture and sale of the vaccine, which, in the next few months, is to be used in amounts costing millions of dollars. Invention of a gadget might have made Dr. Salk wealthy; discovery of a long-sought vaccine will not do so.

The vaccine is not patented, says the National Foundation for Infantile Paralysis, which financed research by Dr. Salk and others that led to the vaccine.

To discover the vaccine, Dr. Salk worked five years. At times, he labored in his laboratory around the clock. He included his own three sons among the children who received the vaccine on a test basis. At 40, he joins a gallery of famous men who have made important scientific and medical discoveries.

Although Dr. Salk will not profit commercially, some cash rewards are coming his way. An insurance company, Mutual of Omaha, gave him its 1955 Criss Award—a gold medal and $10,000. And Dr. Salk is almost certain to be nominated for the Nobel Prize in medicine. If it is awarded to him, it will mean about $35,000 more in cash.

EDWARD J. CORSI is caught up in a political storm over admission of immigrants to the United States. Fireworks already are going off in Congress, and the dispute promises to become an issue in the 1956 presidential race.

Mr. Corsi is out of a job, after 90 days of helping the State Department administer laws to admit refugee immigrants. His views were known before he was hired: He wants more refugees admitted and wants to do away with quotas that give most immigration permits to Britons, Irishmen and Germans. Mr. Corsi favors admission of more Southern Europeans, more flexibility in filling quotas. His antagonists in the State Department believe that he was interpreting present laws too liberally.

As a child, Mr. Corsi himself was an immigrant, with his parents, from Italy. As an adult, he was twice appointed U. S. Commissioner of Immigration. In public statements, he has frequently sympathized with immigrants.

Immigration is a potent political subject. One reason is that, in eight pivotal States, with 213 electoral votes, there are more than 5 million foreign-born citizens. Some of Mr. Corsi's critics suggest he is wooing nearly 2 million such citizens in New York as a prelude to running for the U. S. Senate next year. Mr. Corsi denies he intends to run. A Republican, he has twice been defeated in New York political races—for U. S. Senator in 1938, for mayor of New York City in 1950.

NEW MANAGER of the whole federal atomic-energy setup is to be an Army engineer with a background of concentration on new weapons, particularly since the advent of hydrogen explosives. Picked for the job by the Atomic Energy Commission is **Brig. Gen. K. E. Fields.** He will take over May 1, succeeding Maj. Gen. K. D. Nichols, who quit to become a private industrial consultant on atomic energy.

At 46, the new general manager has had a thorough education as an engineer, capped by eight years' experience in the atomic-energy program. General Fields attended the University of Illinois for three years, then spent four years at West Point, emerging high in the class of '33 with a commission in the Engineers. He worked on harbor and flood-control assignments, then was sent back to school by the Army, took master of science degrees at Massachusetts Institute of Technology and Harvard's Graduate School of Engineering before the war.

General Fields went to work on atomic weapons in November, 1945, taught a year at the National War College in 1949-50, then spent a year with a U. S. military mission in Iran. Shortly after President Truman ordered a "crash" program on building the H-bomb, General Fields came back to AEC as director of military application, held the job until his advancement to general manager.

CHARLES E. WILSON, Secretary of Defense, is drawing criticism in some segments of the press for new restrictions he has placed upon news about weapons and other defense matters.

Back of the restrictions are sharp orders from President Eisenhower, who is

(Continued on page 16)

VOICES OF SOUTHERN TRADITION

—Wide World

MESSRS. ROBERTSON, ROGERS, ALMOND, FIGG

LAWYERS FROM DIXIE came before the U. S. Supreme Court to emphasize Southern feelings against putting white and Negro children into the same schools.

Archibald G. Robertson, of Richmond, Va., suggested that "Virginia schools may have to be closed" during an adjustment period.

S. E. Rogers, of Summerton, S. C., asserted: "I would have to tell you we would not now send our white children to public colored schools."

J. Lindsay Almond, Jr., attorney general of Virginia, warned: "We are facing . . . possible destruction of the free public-school system."

Robert M. Figg, Jr., of Charleston, S. C., looked Chief Justice Earl Warren in the eye and said that a Court order for immediate integration "would destroy the school system."

What became plain from the lawyers' arguments is that the South is adjusting very slowly to the idea of mixed schools. To change generations of customs, the South wants indefinite time—perhaps years—and may balk at an early deadline.

Now Westinghouse "Super-Human Doors" Give Riders New Confidence in Operatorless Elevators

Prevent Threatening Door Movements While Passengers are Entering or Leaving the Elevator

Now, Westinghouse has solved the last major heavy-duty operatorless elevator problem facing office building management—the problem of passenger anxiety due to doors closing on them as they move in and out of elevator cars.

No More False Door Starts

Gone forever is any fear of doors closing before they should—once and for all, Westinghouse TRAFFIC SENTINEL eliminates frightening, false door starts that startle passengers.

Invisible Beams Control Doors

Invisible infra-red beams "watch" passenger movement and synchronize door closings automatically according to traffic flow. They adjust door-open time differently for passengers entering and leaving the car and close doors only after the last passenger passes safely through.

Cuts Door-Open Time

Combined with this new "freedom from door annoyance" is TRAFFIC SENTINEL's time-saving advantage—eliminating *all* unnecessary door-open time throughout the building.

Learn more about this latest Westinghouse contribution to more efficient operatorless service. Call our nearest office today.

Westinghouse Elevators

YOU CAN BE SURE ... IF IT'S Westinghouse

J-98716A

concerned about the U. S. giving away too much detailed information on its new weapons. It used to be a Washington joke that the Soviet Embassy could get more information from U. S. publications and disclosures by officials than a network of spies could get out of the Soviet Union. The Administration feels that the joke is too near the truth to be funny.

Information about the atomic submarine *Nautilus*, an official's speech about guided missiles, disputed off-record remarks by Adm. Robert B. Carney about war dangers brought things to a head.

The word that is seldom mentioned in Washington is "censorship." It has a horrid ring in the ears of editors. Yet, U. S. officials, engaged in "cold war" with the Soviet Union, believe the need for secrecy is almost as great as in World War II, when voluntary censorship, under a code, helped keep secrets. Some officials would like to accomplish the same result now.

➤ **R. A. BUTLER** is expected by many in Britain to emerge as the quiet strong man in Sir Anthony Eden's Cabinet, now that the figure of Sir Winston Churchill has ceased to dominate the Government.

"Rab" Butler's job is Chancellor of the Exchequer. Through it he exercises powers of budgeting and taxing similar to those of the U. S. Treasury. He controls credit policy and bank rates, via the Bank of England, with powers like those of the U. S. Federal Reserve Board. He controls trade policy, in a nation that finds its sales and purchases abroad are reflected very quickly at the dinner table.

Mr. Butler also is an astute politician. His brain was behind the reconstruction of the Conservative Party that led to its return to power after six years of Labor Party rule. He was one of three men who gently insisted that it was time for Sir Winston to step down. The others are Eden and Harold Macmillan, who became Foreign Secretary when Eden advanced to the Prime Minister's seat.

Britons generally feel that Mr. Butler's political advice had a lot to do with the timing of Prime Minister Eden's call for a general election, which he has set for May 26.

Now 52, Mr. Butler entered politics by winning a seat in Parliament when he was 26. As a Government official, he has dealt with problems of labor, education, the Foreign Office and the treasury. In 1953, he was acting Prime Minister while Churchill and Eden were seriously ill.

➤ **THE MASTER SPY** of West Germany—a battle-tested soldier who looks like a scholar—soon may be called on to run an international intelligence network for his own country. The man is **Reinhold Gehlen,** who has worked under the U. S. for 10 years since he surrendered to U. S. troops near the end of the war in 1945.

In the wartime German Army, Gehlen had advanced to the rank of lieutenant general by the time he was 43. During the war he specialized in gathering intelligence about the Russians on the Eastern Front, is said to have been so consistently correct in learning Soviet strength that he angered Hitler, who did not like to hear bad news.

His present intelligence network, operated for the U. S. and financed by the U. S., is reported to extend all the way through the Iron Curtain countries and as far as Siberia. If there is an agent in the Kremlin, it is probably a Gehlen man. Russians are said to rate his network on a par with the British Secret Service. Gehlen operates in the classic manner. He has rings of agents, carefully compartmented so that none knows very much. The secrets are pieced together in his headquarters. Some rings have been broken up, some agents have been caught and shot. But the big network keeps functioning.

IKE'S SHADOW: ROWLEY OF THE SECRET SERVICE

—USN&WR Photo

. . . at the ball game

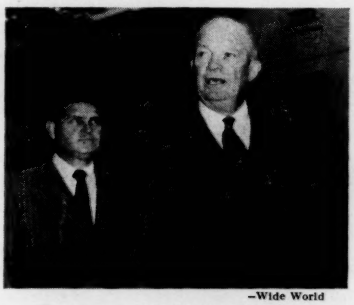
—Harris & Ewing

. . . at Easter egg rolling

➤ **JAMES J. ROWLEY** had a particularly trying week. As head of the White House Secret Service detail to guard the President, he is fretted by crowds that can mask an attacker—and President Eisenhower last week made public appearances in crowds at a baseball game and among Easter-egg rollers on the White House lawn.

Whenever the President leaves the White House—even to go just across the street for a news conference—Mr. Rowley goes along. In crowds or on long trips, other agents help him. At present, he is guarding his third President. He started in 1939 with Franklin D. Roosevelt, has headed the detail since 1946.

Once a star athlete, Jim Rowley now keeps in trim by trailing Mr. Eisenhower around golf courses. He is skilled at judo, also can empty his .38 caliber revolver into a target the size of half a dollar at 50 feet. When he is with the President, his eyes rove constantly—the President's life may depend upon how soon he can spot and stop trouble.



—Wide World

. . . on way to news conference

—United Press

. . . on way from church

BELIEF made this sale

Your products or services are more readily sold when your prospective customers have faith in the editorial and advertising pages of the magazines in which you advertise. High readership of advertising and consistent response to editorial columns offer convincing proof that . . .

People believe in The American Magazine.

And its travel editorial features, keyed to the needs and hopes of our readers, produce results. For example, The American Magazine reader-families accumulated 45% more pleasure travel than the U. S. average during the 1954 vacation season and from 10% to 18% more than reader-families of the other four general family magazines. Remember, every month, over 10,000,000 people read and believe in The American Magazine . . .

Because The American Magazine believes in people.

This belief results in increased advertising effectiveness. It explains why more advertisers are using more linage in the American Magazine today. For example, travel advertising linage has increased 16.4% for the January through May period in 1955 compared with the same period in 1954. Your products, too, can benefit by this advertising force . . . use The American Magazine and increase your sales!

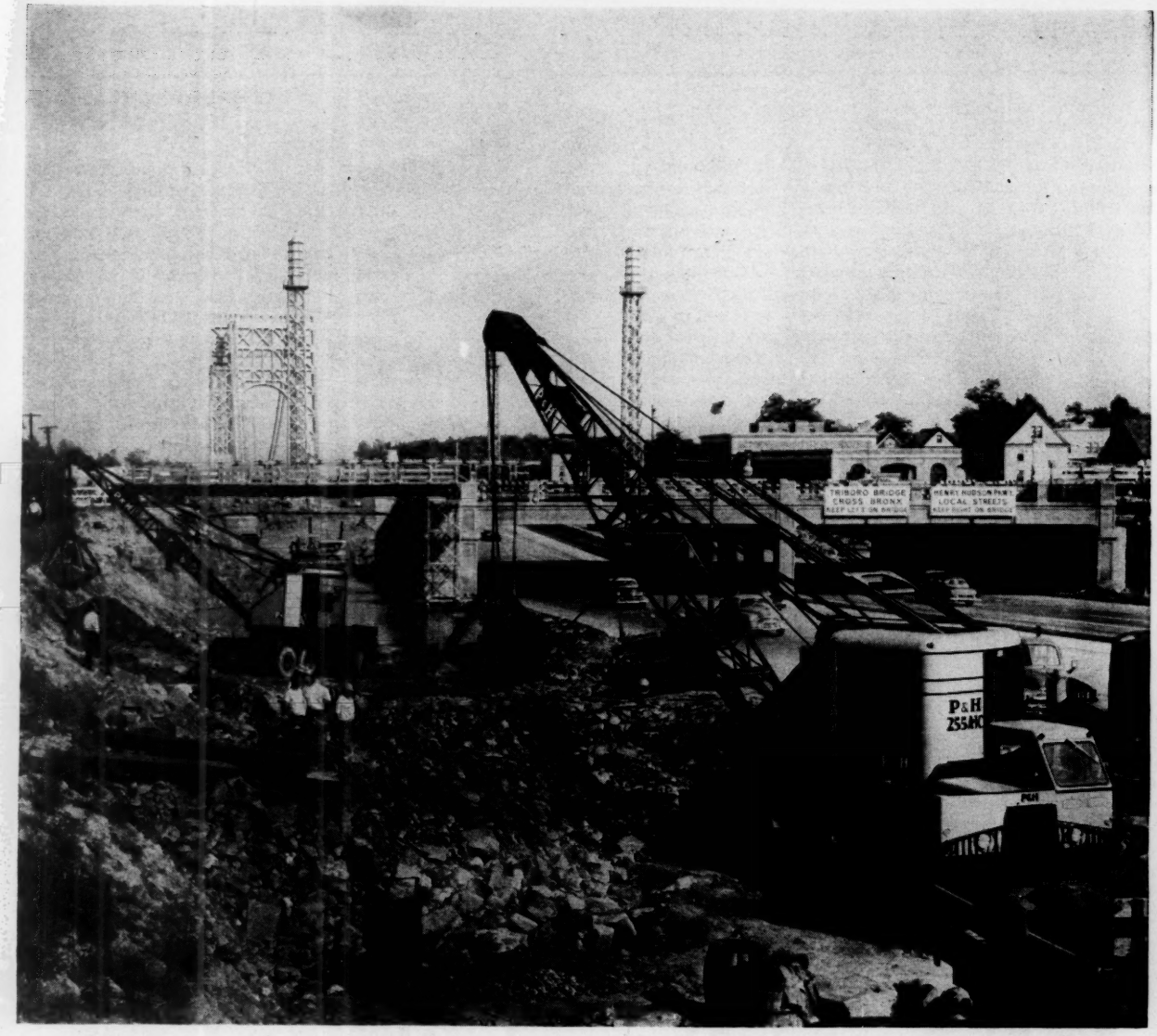
NEWSSTAND CIRCULATION UP 50,551

2ND 6 MONTHS '54 VERSUS 2ND 6 MONTHS '53

THE American MAGAZINE

"It moves goods because it moves people."

© The Crowell-Collier Publishing Company, 640 Fifth Avenue, N. Y 19, N. Y. Publishers of The American Magazine, Collier's and Woman's Home Companion.



How P&H Truck Cranes clear up rough situations

Don't think a road builder doesn't have 'em!

Here's the kind of thing he runs into. A big embankment to cut away. Tons of rock and rubble to load. There'll be forms to place, steel to set, concrete to pour . . . a dozen different jobs of digging and lifting . . . a P&H Truck Crane does them all!

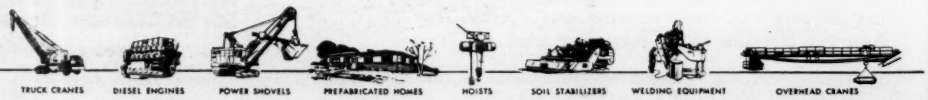
No problem now of tying up extra equipment. Nor is a P&H tied *down* — it's ready to roll at a moment's notice.

As you would expect, this unusual combination of versatility plus mobility finds work in many fields. In all areas of construction. In every branch of industry.

To meet the demand, P&H now builds truck cranes in a wide capacity range: from MITI-MITE® with 8-ton capacity to a model that picks up 35 tons. To learn which one can help you the most — and in what ways — call a P&H dealer, or write to Harnischfeger Corporation, Milwaukee 46, Wisconsin.

HARNISCHFEGER

the P&H *Line*



VOLUME XXXVIII—No. 16 U.S. News & World Report WASHINGTON, D. C.

WHY TAX CUT IS CERTAIN FOR '56

Surplus in Sight—Elections Coming—Promises Made

When taxes come down in 1956:

- **Individuals, on their incomes, will get the bulk of the tax relief.**
- **Corporations may get a moderate cut.**
- **Excises, other taxes will change little.**

Relief will be more generous than expected earlier. Reason: Good times are boosting revenue, hastening a balanced budget.

Big tax issue: Where to cut personal taxes —on large, small, or all incomes.

The tax you pay to the Federal Government is certain to be cut next year. This tax cut is going to flow from a surplus of cash income over cash outgo in the U. S. Treasury's accounts.

Taxes are yielding more revenue than President Eisenhower only last January estimated that they would yield. The reason is that taxable incomes are turning out to be higher than expected. This is true mostly for individuals, somewhat less so for corporations.

Tax collections disclose at the same time that the recent scare over "loopholes" opened in the corporation income tax was much overdone. A picture was drawn in Congress of revenue losses of 2 billion dollars or more. Actually, taxes on corporation income are producing somewhat more revenue than the Treasury figured they would yield before anyone thought of loopholes.

Money now pouring into the Treasury is coming largely from taxes on 1954 income of individuals and corporations. This is supplemented by taxes being withheld from 1955 income of individuals, and from Social Security taxes, excise taxes, taxes on capital gains and on estates and gifts.

The signs also are that the yield to the Government from taxes on 1955 income of individuals will be a good deal larger than the President estimated last January.

It all adds up to a rather healthy condition for the federal budget and a guarantee of a tax cut on income to be earned in 1956.

A lift for business. A cut in taxes will be favored by the White House over a reduction in Federal Government debt. Tax reduction will be favored both as a means of giving some relief to taxpayers who are regarded as too heavily burdened and as a means of assuring a continued high level of business activity.

TAX CUTS COMING— HERE'S THE REASON

This year, ending in mid-1955 —

Cash income of Government will come close to balancing cash outgo.

IN THE RED: 500 million dollars. That's 1.9 billion better than Eisenhower expected.

Next year, ending in mid-1956 —

Cash income of Government will balance cash outgo, with a surplus to spare.

IN THE BLACK: 2.2 billion dollars. That's 1.6 billion better than Eisenhower expected.

Source: Estimates by Economic Unit of USN&WR © 1955, By U. S. News Pub. Corp.

The tax cut in 1956 almost surely will be larger than the indicated surplus of cash income over cash outgo for the bookkeeping year that ends June 30, 1956. Tax-cutting policy will be related to the idea that lower rates of tax will stimulate business activity and produce a rise in income that will yield as much, or even more, revenue at the reduced rates. In the 1920s, tax reduction was followed by rising yields. The expectation of those now shaping policy is that this experience may be repeated.

The budget outlook upon which tax-cut plans now rest relates to the bookkeeping year that begins July 1. Tax collections now being made suggest this prospect for the next budget year:

Cash income: 70.4 billions.
Cash outgo: 68.2 billions.
Surplus of cash: 2.2 billions.

That means that a tax cut of 2.2 billion dollars could be made and still leave a balance in the Government's cash budget. Congress, however, is expected to look forward to the bookkeeping year that will begin July 1, 1956, in deciding on the extent of tax cutting. This will be the 1957 fiscal year, and, for that period, a surplus considerably larger than the surplus indicated for the 1956 fiscal year is likely to be forecast.

Who will benefit? The real argument next year will center on

WHO PAYS THE INCOME TAXES

Income Group	Number of Families or Single Taxpayers	Total Income	Total Tax	Per Cent of Total Income Taxes Paid
Under $5,000	29,433,000	$ 84,482,000,000	$ 4,968,000,000	16.6
$5,000-$10,000	17,350,000	117,292,000,000	11,340,000,000	37.8
$10,000-$25,000	3,237,000	45,820,000,000	6,262,000,000	20.9
$25,000-$50,000	420,000	14,032,000,000	3,368,000,000	11.2
Above $50,000	110,000	9,919,000,000	4,062,000,000	13.5
TOTAL	50,550,000	$271,545,000,000	$30,000,000,000	100.0

the way tax reduction is to be divided up. There will be a question concerning how much should go to corporations and how much to individuals. Then there will be an argument over which groups of individuals, if any, should be favored. This decision will be influenced by considerations of practical politics in a year when a President and a new Congress are to be elected.

The tables that accompany this report show some of the problems that go with tax cutting. They also show where the burden of taxes is heaviest, where increases have been sharpest in the New Deal and war years.

Corporations had been promised a tax cut on 1955 earnings. That promise was made by a Democratic Congress when taxes were increased during the Korean war. The scheduled reduction, however, has been twice postponed by request of the President and with the consent o Congress.

Most corporations now pay out mor than half of their earnings—52 per cen —in federal income taxes. This is th highest rate ever charged. Even durin wartime, the corporate income tax wa only 40 per cent for those companie that had no "excess" profits. Before World War II, when corporate taxes were regarded as high even by New

THE CLIMB IN TAXES ON CORPORATION PROFITS

	Regular Tax Rate	Effective Limit, With Wartime Excess-Profits Tax
1929	11%	—
1930-31	12%	—
1932-35	13.75%	—
1936-37	15*%	—
1938-39	19%	—
1940	24%	—
1941	31%	—
1942-43	40%	80%
1944-45	40%	72%
1946-49	38%	—
1950	42%	52%
1951	50.75%	68%
1952-53	52%	70%
1954-55	52%	—

*Plus undistributed-profits tax ranging from 7 to 27 per cent.

WHY STOCKHOLDERS COMPLAIN: TAXES TAKE TWO BIG BITES

Average federal tax, per dollar of corporate profit

	Tax Paid by Corporation on Earnings	Tax Paid by Stockholder on Dividends	Total Tax on Corporation and Stockholder
1929	13¢	9¢	22¢
1936	22¢	22¢	44¢
1939	21¢	16¢	37¢
1940	29¢	14¢	43¢
1941	44¢	10¢	54¢
1942	54¢	10¢	64¢
1944	55¢	10¢	65¢
1949	38¢	12¢	50¢
1950	44¢	11¢	55¢
1951	54¢	11¢	65¢
1952	53¢	13¢	66¢
1953	53¢	12¢	65¢
1954	48¢	13¢	61¢

Note: 1954 corporate tax based on top rate of 52 per cent. Wartime excess-profits tax no longer applies.

If Taxes Are Cut to Pre-Korea Rates—

Single taxpayer				Married couple, two dependents			
On a Net Income of*	Tax Now Is	Tax Would Drop to	Saving Would Be	On a Net Income of*	Tax Now Is	Tax Would Drop to	Saving Would Be
$ 3,000	$ 488	$ 409	$ 79	$ 3,000	$ 120	$ 100	$ 20
5,000	944	811	133	5,000	520	432	88
10,000	2,436	2,124	312	10,000	1,592	1,361	231
15,000	4,448	3,894	554	15,000	2,900	2,512	388
25,000	9,796	8,600	1,196	25,000	6,268	5,476	792
50,000	26,388	23,201	3,187	50,000	18,884	16,578	2,306
100,000	66,798	58,762	8,036	100,000	51,912	45,643	6,269
500,000	429,274	385,000	44,274	500,000	402,456	358,677	43,779

*Income after deductions for interest, charity, etc., but before personal exemptions.

Dealers, the rate never exceeded 19 per cent.

The table on page 22 shows how heavy is the tax burden on profits. Last year collectors garnered 17.2 billion dollars from profits, while stockholders were paid only 9.9 billion. That situation has prevailed ever since 1940. Before that time, stockholders received a bigger slice of profits than Government—usually two or three times as much.

Double taxation. The tax collector, furthermore, reaches out and taxes corporate earnings a second time when stockholders receive their dividends. The result is that each dollar of profit divides up approximately as 61 cents for the Government, 23 cents for reinvestment by the corporation, 16 cents for the stockholders.

The Government turns out to have by far the largest stake in the earnings of American business. This is a situation that is held by many tax experts to discourage investment and expansion in industry. Taxes, in other words, are held to hinder economic growth.

The United States actually taxes corporations more heavily than most other countries. The U. S. tax rate is 30 per cent on the first $25,000 and 52 per cent on all earnings above that figure. Britain levies a tax of 47.5 per cent on retained profits. On dividends, the stockholder gets credit for taxes paid by the corporation. Canada has a corporate income tax of 18 per cent on the first $20,000 and 45 per cent on all over $20,000. Western Germany imposes a profits tax of 45 per cent.

It appears likely, therefore, that an attempt will be made next year to give some tax relief to corporations. Even if the previously scheduled cut to 47 per cent is allowed to go into effect, U. S. corporations still will be taxed more heavily than their foreign competitors, and more heavily than they have ever before been taxed in peacetime.

When it comes to cutting taxes for individuals, an attempt will be made to go back over the ground covered by tax increases in recent years. One step in this direction was taken when scheduled tax cuts were allowed to go into effect on Jan. 1, 1954. These cuts canceled the increases that applied on individual income for 1952 and 1953—Korean-war years.

Further steps to backtrack on tax increases, however, are almost sure to be protested. The fight in the present Congress over a flat $20 cut in taxes for everyone is an example of this attitude. That fight is likely to flare up again next year. Another proposal may be to raise the exemptions for taxpayers and their dependents. Either of these proposals would remove millions of taxpayers from the income tax rolls and prove expensive in terms of revenue. The $20 tax cut, for example, is estimated to involve some 2.3 billions a year in revenue. Yet millions

INCOME TAXES: Still Near Wartime Rates

Married couple, two dependents						
Net Income*	Tax in 1929	Tax in 1939	Tax in 1945	Tax in 1948	Tax in 1952	Tax Now
$ 3,000			$ 275	$ 100	$ 133	$ 120
5,000	$ 3	$ 48	755	432	577	520
10,000	41	343	2,245	1,361	1,774	1,592
15,000	201	831	4,265	2,512	3,236	2,900
25,000	839	2,327	9,705	5,476	7,004	6,268
50,000	4,166	8,621	26,865	16,578	21,088	18,884
100,000	14,846	31,997	68,565	45,643	56,032	51,912
500,000	110,846	303,568	442,985	358,677	411,224	402,456

*Income after deductions for charity, interest, etc., but before personal exemptions.

[continued]

WHY TAX CUT IS CERTAIN IN '56

of taxpayers would scarcely feel any benefit if this method of cutting taxes is adopted.

Who pays the most. The way taxes are spread among income groups is shown in the table on page 20. From the standpoint of numbers, most of the people have income below $5,000 a year. They pay, in total, just under 5 billions a year in taxes, or only 16.6 per cent of total collections. This is the group that would reap the largest benefit from across-the-board tax cuts, or from higher exemptions.

But, from the standpoint of revenue, most of the tax is paid by families and single persons in the $5,000-to-$25,000 bracket. This group, numbering about 20.6 million families, pays 58.7 per cent of the total amount of taxes collected. At the top of the income scale, with $25,000 and more, are 530,000 families paying 7.4 billions in taxes, or 24.7 per cent of the total. The top few pay more in taxes than the many in the lower-income brackets.

It is against this background that arguments over next year's tax cuts will arise. Officials and Congressmen who favor giving relief to people who now bear the heaviest tax burdens will argue for a reduction in tax rates. Those who want to give most or all of the relief to lower-income groups will advocate flat tax cuts or higher exemptions.

Actually, only a start has been made toward bringing taxes down from their wartime heights. Taxes were cut after World War II, as the table on page 21 points out. In 1948, exemptions were increased from $500 to $600 and married couples were permitted to split their incomes for tax purposes, thus bringing them into lower rate brackets. Still, as the table shows, taxes were held far above their prewar levels.

Effects of Korea. Then came the Korean war and more tax increases. Rates in 1952 approached wartime peaks, but income splitting held the burden for married people below the wartime figure. For single persons, taxes in 1952 often were higher than at the peak of World War II.

The cuts that went into effect in 1954 failed to bring taxes back to the pre-Korean level. So, with the improved budget outlook, you can count on a cut toward that point in 1956.

The table on page 21 shows how tax savings would be distributed if rates were returned to the 1948-49 level. The largest dollar savings, naturally, would go to taxpayers with the largest incomes. The family with $3,000 a year would save only $20 in taxes, but this family now pays only 4 per cent of its income in taxes.

Families in the middle brackets—$5,000 to $25,000—would get tax cuts of $88 to $792, but these families still would be paying from about 8 per cent to more than 20 per cent of their income to the federal tax collector.

In the topmost income groups, a return to 1948-49 tax rates would bring savings into the thousands of dollars, but these taxpayers still would be paying taxes that amount to from a third to three quarters of their income.

A decision for Congress. At bottom, the kind of tax cuts that will be made next year will be decided by the policy that is adopted in Congress.

The Eisenhower Administration favors a policy that will promote confidence and encourage expansion. Examples of this policy in this year's tax law were the more liberal write-offs allowed on new plant and equipment, and the modest relief granted from the double tax on dividends. If this policy prevails, next year's tax program will bring some significant relief to all groups of taxpayers.

The opposing policy favors reductions principally for the low-income groups on the theory that the country needs more mass purchasing power. That was the argument behind the proposal for the straight $20 cut in taxes that failed this year.

In addition, proposals will be made to change the tax that now is levied on capital gains, to reduce excises that have been kept at high rates, and perhaps to make some changes in the estate and gift-tax laws. Chances are, however, that Congress will prefer to center the next tax bill on relief for individuals, particularly since 1956 will be an election year.

The Administration tax policy was adopted this year, but it is still a question whether Congress will follow the Eisenhower lead again.

Who Has Cashed In on Profits of Corporations

	Governments Got This Much (in taxes—federal, State and local*)	Stockholders Got This Much (in dividends)
1929	$ 1,369,000,000	$5,813,000,000
1933	521,000,000	2,056,000,000
1936	1,409,000,000	4,548,000,000
1939	1,441,000,000	3,788,000,000
1940	2,834,000,000	4,043,000,000
1941	7,610,000,000	4,458,000,000
1942	11,415,000,000	4,289,000,000
1944	12,949,000,000	4,673,000,000
1949	10,411,000,000	7,458,000,000
1950	17,829,000,000	9,207,000,000
1951	22,476,000,000	9,090,000,000
1952	19,965,000,000	9,128,000,000
1953	21,144,000,000	9,365,000,000
1954	17,200,000,000	9,900,000,000

*Figures show corporation taxes only. In addition, stockholders pay personal taxes on dividends they get from corporations.

How can the U. S. cut taxes and still reduce the budget deficit? For the answer, see page 114.

NEW YORK
STATION
1 On course to Bermuda, "Queen" responds to SOS of sinking "Student Prince," determines present position through Loran signals, and sets new course for 150-mile race to rescue.
2 "Queen" holds rescue course and charts progress by constant use of Loran signals from U. S. shore stations.
3 "Student Prince" sinks within two hours after 10 crewmen are rescued. Liner resets course to Bermuda with aid of Loran signals.
BERMUDA

U. S. COAST GUARD PHOTO

10 ON WRECK SAVED BY BERMUDA LINER

Battered Fishing Boat Sinks Two Hours After Dramatic Rescue in Atlantic Gale ■ N.Y. TIMES, JAN. 7, 1955

THE STORY BEHIND THE STORY:

It was 9:13 on the stormy night of January 5th when the outbound *Queen of Bermuda* responded to the SOS of the *Student Prince II*. Her seams opened by the battering North Atlantic gale and her lifeboat smashed in a futile attempt to abandon ship, the fishing boat was sinking rapidly with 10 men aboard. Could the *Queen* reach her in time, 150 miles away, with stormy skies making celestial navigation impossible? She could and did —with the guidance of Sperry Loran. As planes of the Coast Guard and Air Force circled overhead keeping the sinking vessel in sight, the *Queen* was able to pinpoint the location of the fishing boat and remove every member of the crew—just two hours before the stricken craft went to the bottom.

Developed for the Navy during World War II, Sperry Loran has taken its place along with radar as one of today's great aids to safe, accurate navigation in all kinds of weather. Stripped of technical terms, here's how it works. Night and day, Loran stations, located some 300 miles apart on shore, continuously send out powerful radio signals. Aboard ship the navigator, with a Sperry Loran Receiver, measures the difference in time of arrival of these signals from three or more stations to determine his exact position.

Simple, dependable and surprisingly low in cost, Sperry Loran enables ocean liners to set fast, direct courses . . . and is equally useful to fishing boats in locating and staying on the most productive fishing grounds. It's a good example of Sperry's unusual combination of creative engineering and precision production—a combination that is also responsible for so many advances in aerial navigation and bombing systems, guided missiles and gunfire control systems.

SPERRY GYROSCOPE COMPANY

DIVISION OF THE SPERRY CORPORATION • GREAT NECK, N. Y.

"A PRIZE IN EVERY PACKAGE"

All Lines of Business Hit by Giveaway Craze

The old-time razzle-dazzle is showing up again in the stores and showrooms.

The public is being promised much for nothing, big price cuts, painless-payment plans, all sorts of special services, with a lot of fanfare.

It's a symptom of the intense fight for a share of the consumer's dollar, a battle for business in a time of surpluses.

Fierce competition is causing businessmen to try all sorts of ideas, some new and intriguing, to bring in the customers.

The buying public is being wooed more eagerly than at any time since the depression of the 1930s. Bargains are offered in "free" goods and services. Cars and houses are sold for "nothing down." Payments on credit are stretched over years to keep them small.

Prices are slashed way below the manufacturers' lists in some cases.

Such attractions are the rule in many lines, as shown in the chart on pages 24 and 25. However, businessmen and Better Business Bureaus stress this point: There is need for the customer to be somewhat skeptical. What is known as advertising "bait" sometimes turns out to be slightly tainted. With caution, the buyer can find deals that stand up on inspection.

The merchants' strenuous sales drive is giving some economists an uneasy feeling. They wonder how far the bargains and easy credit can go.

Something for nothing? It is not new, of course, to offer the customer "something for nothing." But the "something" turns out to be novel nowadays.

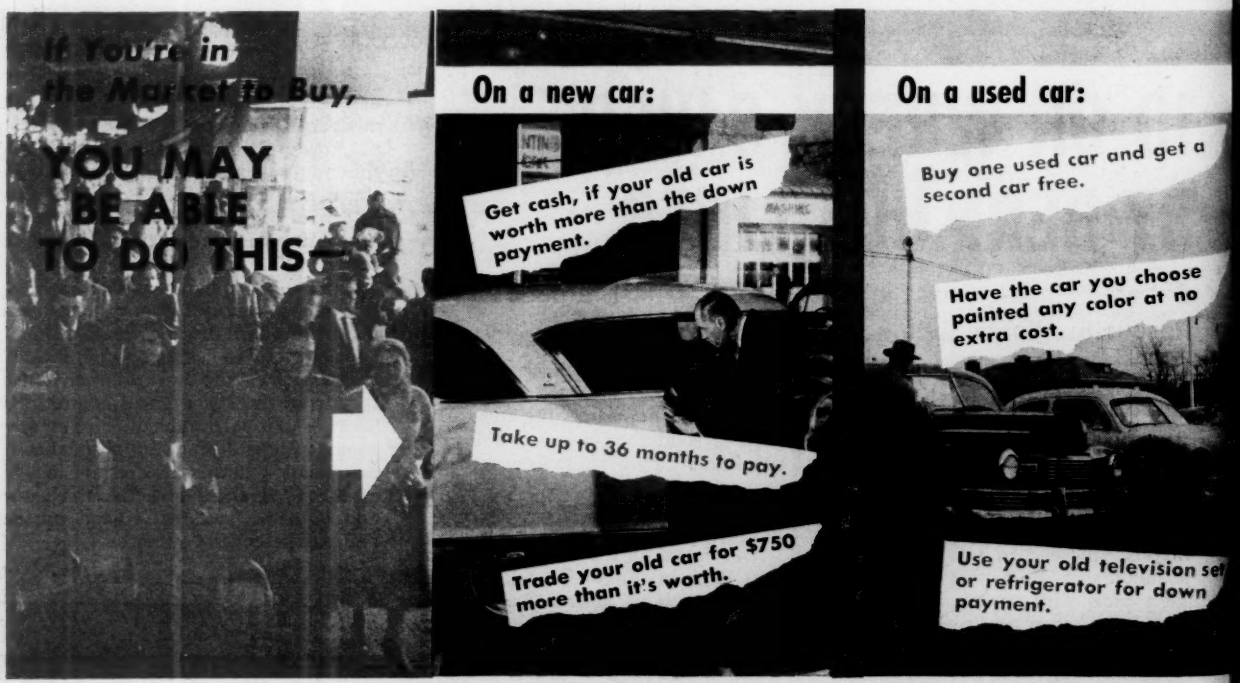
For instance, a Seattle used-car dealer offers two cars for the price of one; buy a 1953 Studebaker de luxe 2-door—with radio, heater and overdrive—for $1,295, and he'll throw in a 1948 Ford V-8 club coupe, "free." Trade sources give the average current value of the Studebaker as $1,250 and of the Ford as $335, if in good condition. So the buyer might figure on saving about $290.

In some cases, the second car isn't remotely "free"—the combination price is much higher than the value of either auto. In a Washington, D. C., offer recently, a price of $595 was quoted for a '49 Packard plus a '47 De Soto; the customer was led to believe this was "two cars for the price of one." Actually, the going price of each car was about $350 so the buyer stood to save, at most, about $105.

Free stock is being used by some merchants. A Washington furniture store offered a free share in a uranium company with each suite sold. A competitor gives away a 24-piece set of silverware, a "regular $39.95 value," to those who buy three rooms of furniture priced at $259.95.

Some New York jewelers are using a peculiar sort of diamond-counting contest to draw in the ladies—peculiar because everybody wins. Each contestant gets at least a small diamond, provided a setting is purchased for it. Naturally, the setting is expensive enough to net the jeweler a profit.

In Portland, Oreg., an appliance store offers a trade-in allowance of $100, about twice the usual amount, plus "50 lbs. of steak of your choice," if you buy a new $369.95 refrigerator. A District of Columbia clothing store also has been featuring free steaks, six porterhouses, with


If You're in the Market to Buy,
YOU MAY BE ABLE TO DO THIS—
On a new car:
Get cash, if your old car is worth more than the down payment.
Take up to 36 months to pay.
Trade your old car for $750 more than it's worth.
On a used car:
Buy one used car and get a second car free.
Have the car you choose painted any color at no extra cost.
Use your old television set or refrigerator for down payment.

every new suit. And a builder in rural Virginia has donated a free pony with each house.

Special service. Other companies offer all kinds of extra attention.

A large mail-order house makes this promise to those who buy a full set of its tires: The tires will be rotated free of charge every 5,000 miles for their lifetime.

To get people to buy used cars, a large new-car dealer in Washington, D. C., offers a new paint job, in the color the customer chooses. A dealer in suburban New York promises free lubrication on any new car he sells for as long as it remains in his customer's possession.

Easy, easy credit. Almost anything can be bought with little or no down payment and a long time to work off the loan.

Notable examples of easy credit are in the real estate business. Houses priced up to about $20,000 are being offered with no money down and 30 years to pay.

A builder near Los Angeles promises "low monthly payments of $57.67" and "absolutely no cash from vets for down payment or cost of taking title." A Texas concern offered $50 cash to each veteran buying one of its homes: "We will present him with $50 cash the day he moves in."

Another report tells of builders on the West Coast who accept $10 from sales prospects as a deposit to hold a house until a final decision is made on whether to buy. Another practice aimed at stimulating sales is the use of the old house as a trade-in on a new one.

On new cars, the terms generally are one third down and 30 months to pay the balance. Sometimes, however, this is stretched to 36 or even 42 months.

Many dealers say they will give the buyer cash, if his old car is worth more than the necessary down payment.

An Arlington, Va., dealer says he will accept an old television set, refrigerator or sewing machine toward the down payment on a used car—"Anything that moves, whirs, whirls, clicks, starts or stops is worth money."

Used cars frequently are sold with down payments of $10, $5 or nothing at all; financing is spread over 12 to 24 months, depending on the age of the car.

Sometimes, if you have very good credit, you can drive a used car for six weeks or longer without paying a penny; on a car purchased early in May the first payment may not come due until July. Dealers say few motorists take unfair advantage of this arrangement; those who do get a black mark on their credit rating.

A clothing store in Detroit promises to outfit any member of the family for $1 a week; no money need be paid down. At this rate, payments may last as long as the clothes.

Airlines also have adopted the pay-as-you-go principle; they call it "fly now, pay later." Some lines ask for 10 per cent down and allow 20 months for the balance. Others demand no cash down, except to cover federal tax.

Such easy credit, of course, means you may be paying for this year's vacation when next year's comes around.

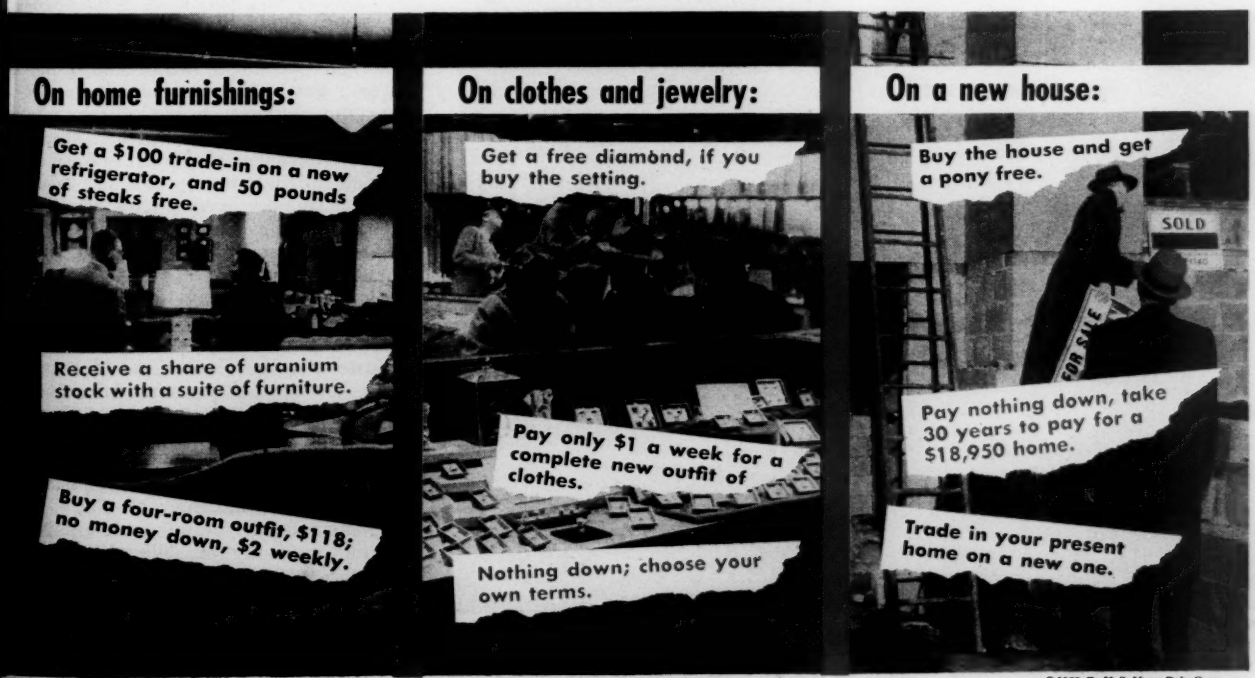
Wherever credit is involved, the businessman usually couples his offer with some such reservation as this: "with approved credit." Customers' credit ratings are checked. Talks with merchants indicate that many buyers, after checking, are confronted with stiffer terms than the advertisements suggest.

Price cuts. Meanwhile, discount houses continue to do a big business, and department stores are cutting prices to meet competition on many types of electrical goods. Price cuts, in many forms, are being offered by other retailers.

In the auto field, the cuts take the form of big trade-in allowances for those who have old cars, and cash discounts for those who do not. A Washington, D. C., dealer claims he will give "a minimum of $750 more than the value of your trade-in." A dealer near Los Angeles promises discounts of $400 to $600.

Many times these bargains are less than they seem. Dealers often figure discounts not from manufacturers' price lists on cars, but from their own lists, which are higher. A check with one dealer developed that the price he quoted on a new car was about $300 more than the list price; a discount of $500 which he was offering thus actually was only $200.

Even so, an Alexandria, Va., dealer claims the buyer almost always gets his new car for less than the "official" price, after allowing the true value of the trade-in. Padding, to make the deal seem


On home furnishings:
Get a $100 trade-in on a new refrigerator, and 50 pounds of steaks free.
Receive a share of uranium stock with a suite of furniture.
Buy a four-room outfit, $118; no money down, $2 weekly.
On clothes and jewelry:
Get a free diamond, if you buy the setting.
Pay only $1 a week for a complete new outfit of clothes.
Nothing down; choose your own terms.
On a new house:
Buy the house and get a pony free.
SOLD
FOR SALE
Pay nothing down, take 30 years to pay for a $18,950 home.
Trade in your present home on a new one.

© 1955, By U. S. News Pub. Corp.

[continued]

GIVEAWAY CRAZE IN BUSINESS

even better, is necessary, this man says, because motorists are interested only in discounts and low monthly payments. "You can't even get them into a car for a demonstration," he laments. "Just tell them the figures they want to hear, and the deal is closed."

Discounts on appliances turn out, sometimes, to be based on discontinued models, unloaded by manufacturers at a cut rate.

Publicity stunts are being used to bring bargains to the public notice. A leading New York department store has just staged a "treasure chest" contest for children. Kids get "keys" at local theaters; the ones bringing the lucky keys to the store open the treasury chest. Total value of prizes in the chest in one week was estimated at $50,000.

A liquor store in Washington, D. C., with a claim that it is being "dramatically new and novel," is putting its wares on an electrically operated belt. The customer stands by the belt and grabs what he wants as it goes by.

Problems ahead? Such intensive selling, especially the use of very easy credit, worries some economists.

One fear is that people are being induced to load up with goods and debts and soon will have to reduce their buying and pay off what they owe.

Here and there, used-car dealers report a slackening in sales. One in Arlington, Va., who sells only cars priced under $1,000, notices a change in customers since the first of the year. They seem more inclined to figure the cost out on paper and to put limits on what they can pay per month. "In December," he recalls, "you could say '$35 a month,' and few would object. Now they're likely to say, '$25 is all I can pay.'"

Broad figures do indicate that consumers are carrying heavier debts than in any other prosperous period. However, economists point out this increase is related, in part, to a change in attitudes; buying "on the cuff" is more generally accepted today.

The table on this page shows that installment purchases now account for a large part of the retail dollar. Yet the proportion of sales made on credit was greater for autos in 1953 and for other durable goods in 1952.

Credit and bargain selling also are seen as having this double effect: They get some people to buy sooner and thus seem to borrow from future business. At the same time, they broaden future markets by spreading goods around, increasing replacement needs, and bringing into the market people who might never buy without strong inducements.

Another worry looks further ahead. Some businessmen ask, "What will we do to drum up trade if sales fall off? We're giving customers every break already."

That thinking shows up among Government economists who suggest they should have power to tighten up on credit for houses today when buying is brisk, and who would reserve very easy credit for times when sales slacken.

However, other means, besides easy credit, can be used to bring in customers, as today's experience shows. Innovations, better designs and lower prices are viewed by many economists and business leaders as the real means to stimulate sales in the long run.

At any rate, the businessman today is showing ingenuity in selling, and the customer is getting a wide variety of tempting offers to choose from.

A look at what's happening to prices starts on page 88.

HOW MUCH BUYING IS "ON THE CUFF"?

(Percentage of sales, in dollars, made on installment credit)

First Quarter of—	*Autos*	*Other Durables*
1951	27.4%	27.4%
1952	43.4%	39.9%
1953	45.8%	36.5%
1954	39.8%	35.0%
Now*	43.5%	36.6%

So—

Easy credit accounts for a large part of today's sales, but less than in some recent periods.

*Based on January-February, 1955.

Source: Federal Reserve Board, Commerce Department

—USN&WR Photo

FOR DOWNTOWN SHOPPERS: PLENTY OF LURES
. . . something for nothing is the new gimmick

THIS IS THE WAY THE REDS PLAN TO WIN ASIA

No Wars—Lots of Patience—Boring from Within

Looking out from Peiping the Communists see far more tempting prospects than shooting war, big or little.

In a war now, Communists could get badly hurt, perhaps knocked out for good. Given a few years, patience, time and careful maneuvering, Communists could win all Asia.

Situations now rigid will change. Old men will die. Subversion, infiltration, politics could give Communists big gains. Much of free Asia could tumble like dominoes.

Patience, not war, looks like the best strategy for Communists in Peiping. That, at least, is the betting in Asia.

HONG KONG

The Communist plans for winning Asia, it appears here, do not include war. At a time when much of the outside world is jittery over the prospect of new fighting, there is relative calm among informed officials in Hong Kong.

There is big talk coming out of Peiping about Asia for Communist-led Asians. Yet, when these words are related to the world as it looks to Communist leaders in Peiping, the prospect changes.

Patience, as the Communists see Asia, is likely to bring them more conquests than a fight in which all could be lost. The U. S. has the edge in atomic weapons and the power to deliver the bombs. And, to Communists in Peiping, there appears to be little need to risk war.

Row of dominoes. President Eisenhower, looking at Southeast Asia a year ago, referred to it as a "row of dominoes." The first domino, if it is knocked over, the President said, will quickly upset the others.

Communist leader Mao Tse-tung, looking out from Peiping at non-Communist Asia, sees many situations which can be set up, given time and patience, to be tumbled like dominoes one day.

A good part of what is left of Indo-China, for example, looks forward to elections in the summer of 1956. The Communists expect to win them. Two little countries within Indo-China—Laos and Cambodia—already are up against Communist infiltration.

Korea, the anti-Communist half of it, is run by an 80-year-old President, Syngman Rhee, with no successor in sight. When he dies, Communists may get a chance to try, once more, for all of Korea.

On Formosa the anti-Communist soldiers under Chiang Kai-shek have kept up their morale, so far, in the hope of returning to the mainland. If that prospect fades, they too may look toward Communism in time.

Even Japan, the industrial prize of Asia, looks to Southeast Asia for markets and for raw materials. If the Communists—using patience, not war—can take over these riches, Japan might have to do business with Communists.

All around the rim of Red China there are tempting gains to be made by subversion, by infiltration, by measures short of war. Seen from Peiping, thus, the countries of non-Communist Asia appear to be worth a few years of patience, of careful planning.

—Eastfoto

MAO TSE-TUNG
. . . a little subversion, a little time

Within a year, victory in the elections now scheduled for Vietnam, one of the three countries of Indo-China, could give the Communists control there. So far the U. S. has made little progress in its efforts to help anti-Communist Vietnamese set up their own Government, their own Army. Communists remain strong outside the cities.

With this prospect ahead, the Communists of Peiping are setting up all sorts of plans which may help them to go on from Vietnam and the rest of Indo-China into other countries nearby.

Now in Peiping, for example, there is a former Premier of Thailand, the country once called Siam. Thailand is allied with the U. S., and its soldiers fought in Korea. But Thailand's people pay little attention to changes of government in the capital at Bangkok, and palace revolutions there have been frequent in Thailand's past history. Time may give the Communists a chance to try to engineer a revolt in Bangkok.

Down at the tip of Southeast Asia's peninsula, in Malaya, the British still are fighting Communist-led guerrillas. And in Singapore, the big port where the population is mainly Chinese, the city's first election returned a Government which, while not Communist, is left of center, more tolerant of Communists than the British themselves are. Malaya and Singapore too may provide opportunities for Communists, given a little time.

Red line sells. Throughout Asia, when talking to "neutrals," the Chinese

Communists are emphasizing peace, not war. A big delegation from Peiping now is at the Afro-Asian Conference in Bandung, Indonesia, talking peace and denouncing the U. S. for its "warlike attitude."

Such soft talk goes down well in Asia, particularly in countries with little experience in managing their own affairs.

In Indonesia, for example, the Communists have an excellent chance of winning control, eventually, of a country of 80 million people, rich in rubber and oil, without firing a shot. Leaders of a political coalition now governing the country, while not Communists themselves, have turned to Indonesian Communists for support.

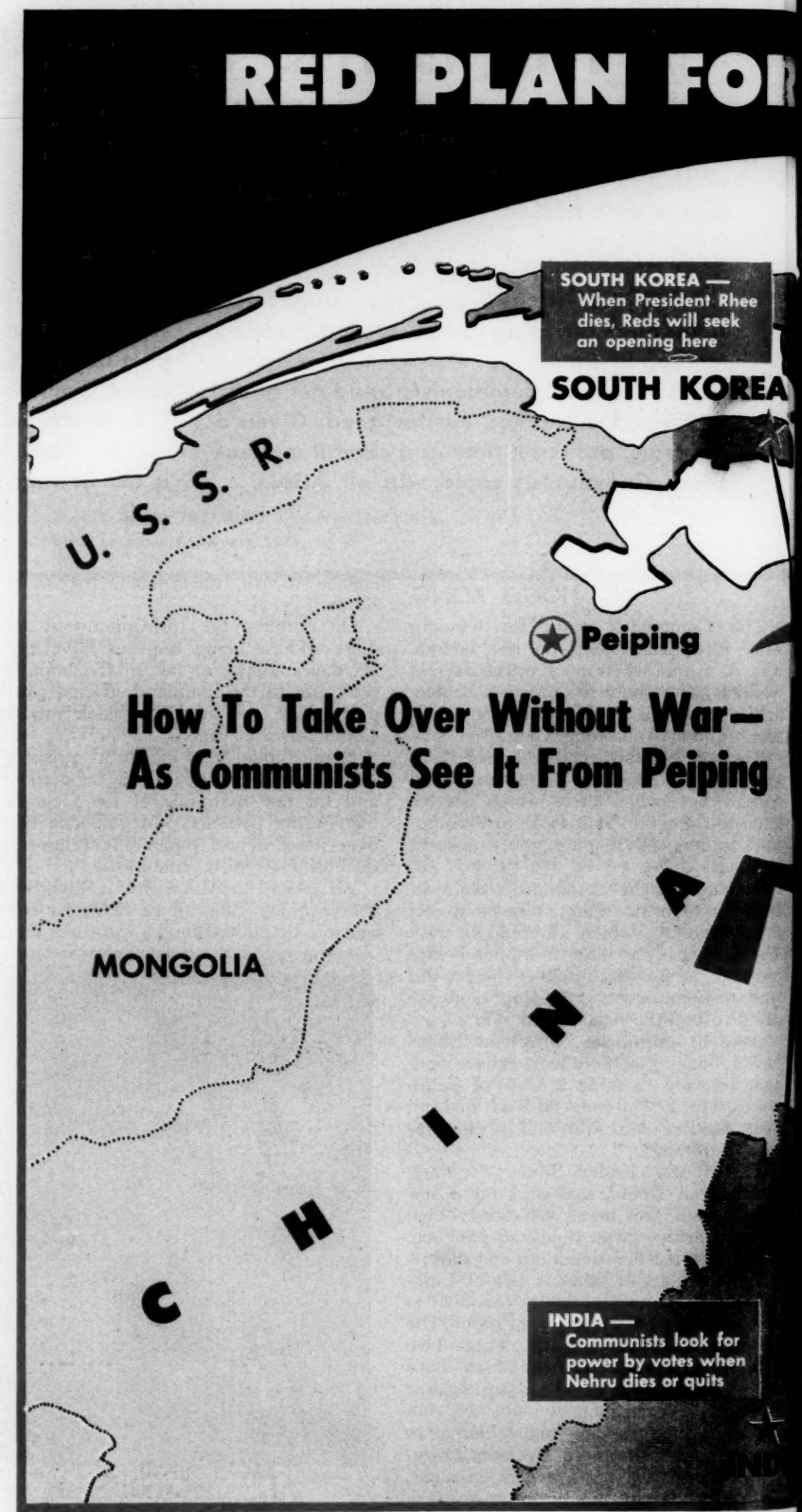
Two other Asian countries, Burma and India, are ruled by non-Communist governments. In Burma, Premier U Nu, who has visited Communist China and is to visit the U. S. this summer, still fights Communist rebels. In India, Prime Minister Jawaharlal Nehru campaigns against the Communist Party inside India. Both these countries, as China's Communist leaders see them, require deft handling, more subversion, more time to be drawn to Communism.

Looking to the north, at Korea, Mao Tse-tung in Peiping sees another chance that a waiting game may pay off. War in Korea cost the Communists a million and a half casualties and gave President Rhee the strongest anti-Communist Army in Asia. But the Korean Army and Government both look to Mr. Rhee for leadership. When he dies there can be a free-for-all struggle for power among Korean politicians. Communists, then, will seek an opening.

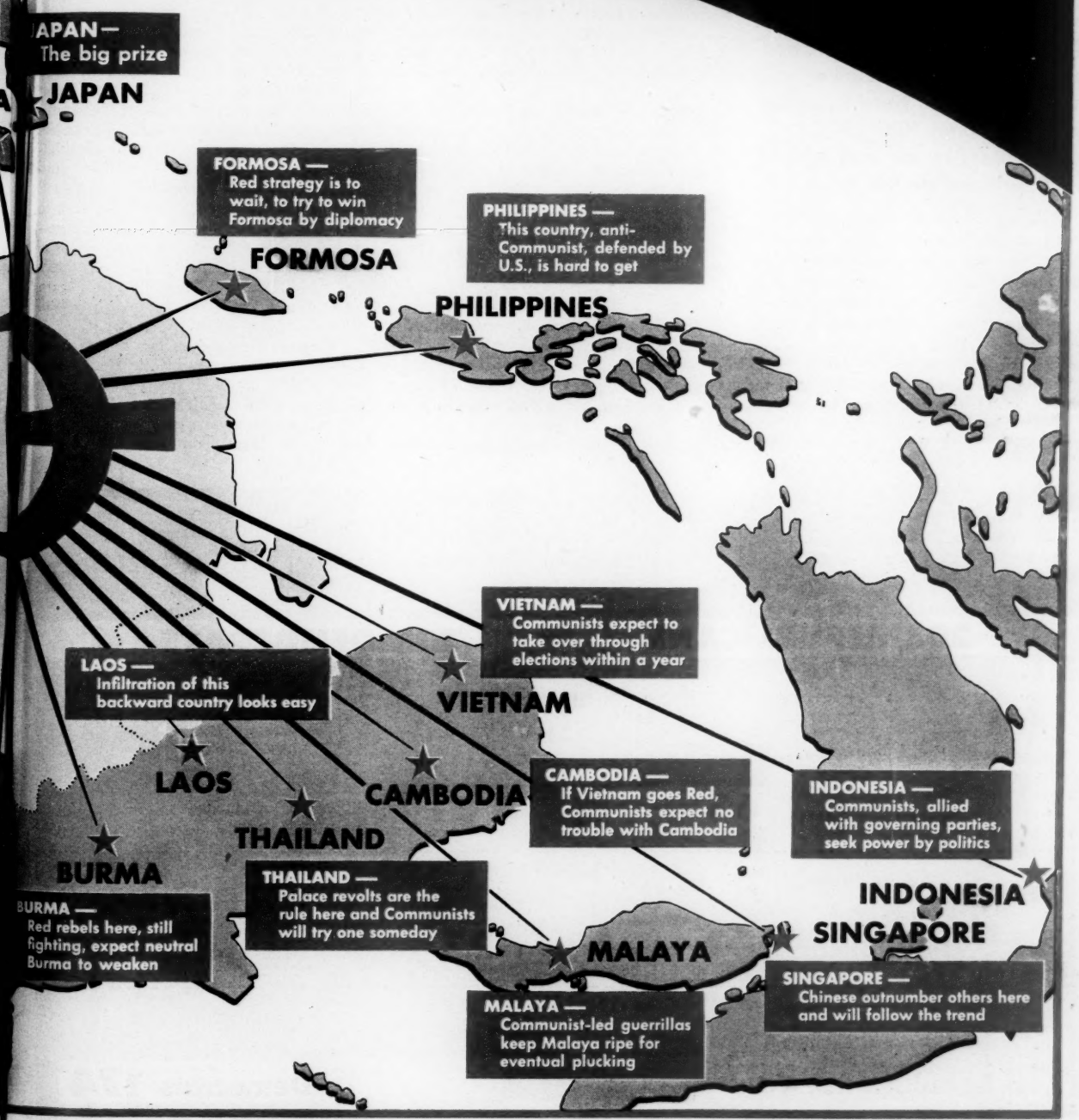
On Formosa, too, Generalissimo Chiang has designated no successor. He is only 67, but is up against a battle to maintain the morale of his followers. The Communists in Peiping know that there is a growing pressure in Britain, and in the U. S. as well, to arrange some sort of "deal" over Formosa.

Direct attack against Formosa and the Pescadores, the Communists know, will bring them into a shooting war with the United States. There is a chance that they may get, without a major war, the little islands off the mainland which Chiang's forces also occupy, but no more. Yet the prospects of getting what they want, in the end, are present and the experts here in Hong Kong are convinced that Peiping's rulers will not risk a direct attack on Formosa.

Patience, it seems, is likely to pay off for the Communists in Peiping better than a shooting war anywhere in Asia. The odds are, in Hong Kong at least, that the Communists will wait, not fight, to see if they can start the dominoes tumbling in Asia without a war.


RED PLAN FOR
SOUTH KOREA — When President Rhee dies, Reds will seek an opening here
SOUTH KOREA
U. S. S. R.
Peiping
How To Take Over Without War—
As Communists See It From Peiping
MONGOLIA
CHINA
INDIA — Communists look for power by votes when Nehru dies or quits

THE CONQUEST OF ASIA


JAPAN—
The big prize
JAPAN
FORMOSA —
Red strategy is to wait, to try to win Formosa by diplomacy
FORMOSA
PHILIPPINES —
This country, anti-Communist, defended by U.S., is hard to get
PHILIPPINES
VIETNAM —
Communists expect to take over through elections within a year
VIETNAM
LAOS —
Infiltration of this backward country looks easy
LAOS
CAMBODIA —
If Vietnam goes Red, Communists expect no trouble with Cambodia
CAMBODIA
INDONESIA —
Communists, allied with governing parties, seek power by politics
INDONESIA
THAILAND
THAILAND —
Palace revolts are the rule here and Communists will try one someday
BURMA
BURMA —
Red rebels here, still fighting, expect neutral Burma to weaken
MALAYA
SINGAPORE
SINGAPORE —
Chinese outnumber others here and will follow the trend
MALAYA —
Communist-led guerrillas keep Malaya ripe for eventual plucking

© 1955, By U. S. News Pub. Corp.

Why Republicans Worry About '56

Even If Ike Wins, It Will Be Hard to Take Congress

As Republican campaign planners see it—

Congress, not the White House, will be their big problem in 1956. A second term for President Eisenhower will not automatically mean a return to Republican control on Capitol Hill.

It looks like an uphill fight, even with Ike on the ticket.

A full year before things start popping in the 1956 campaign, Republicans are measuring the troubles that lie ahead. They are finding their biggest worries in their chances for recapturing control of Congress.

Private studies now being passed around are throwing a scare into prospective Republican candidates. Here's how they calculate their chances:

With Dwight D. Eisenhower in the race, Republican strategists figure they can hold the White House without too much trouble. The President's popularity remains at a high level.

On the congressional side, however, Republicans face a hard pull all the way. Pessimists among them are calculating the odds against their regaining control of either house of Congress at about 2 to 1.

Advantage with "ins." Usually, the party that ousts the other from control of Congress in the mid-term elections—as did the Democrats in tossing out the Republicans in 1954—holds on to that control in the succeeding presidential election. There is only one exception in modern election history. That was the defeat suffered by the Republicans in 1948 after capturing Congress in 1946.

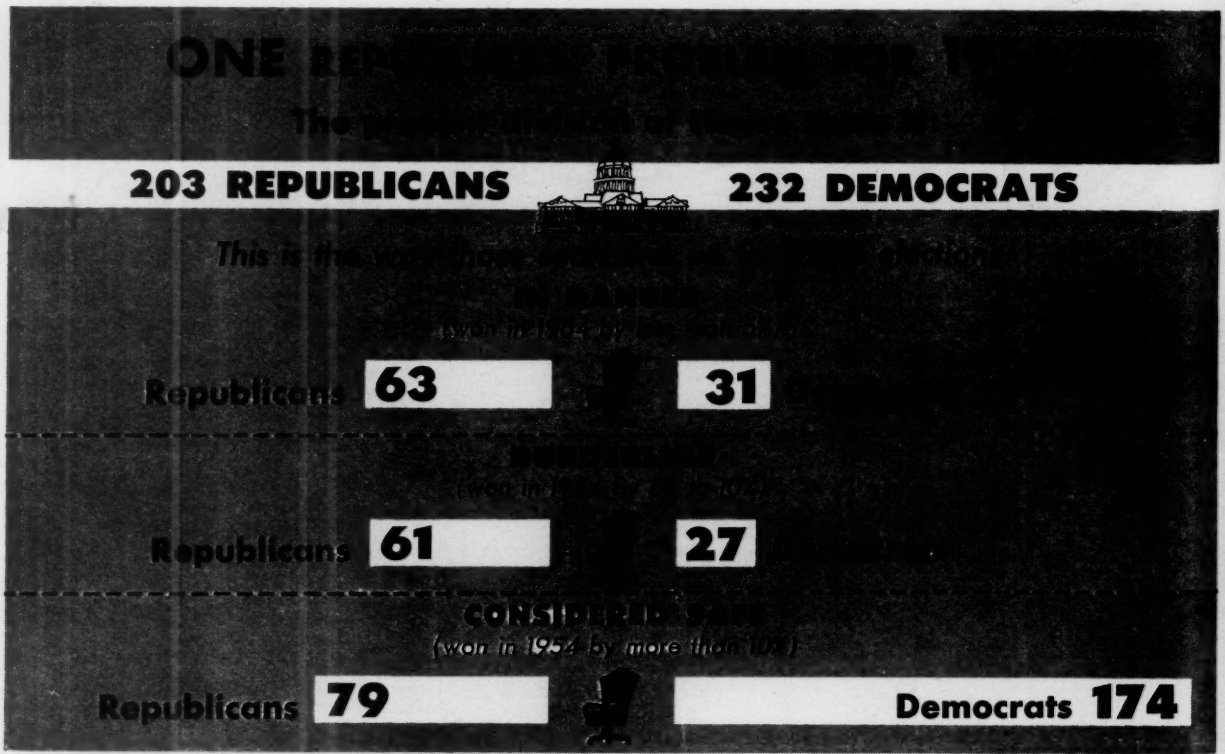
Wholly aside from history, Republicans are troubled by the figures that are being produced by their statisticians. In the Senate, they have 12 seats in danger zones; the Democrats have only 5 such seats. And now a private survey is reporting to Republicans that the number of seats they won so narrowly in 1954 as to be in danger in 1956 is twice the number of such seats won by Democrats.

But some Republicans say the statisticians are raising needless fears. And these Republicans point to history also.

There has not been a campaign since the present two parties came into being in which the party that won the Presidency did not capture at least one of the houses of Congress. Thus, some Republicans argue, if there is a strong tide running toward Mr. Eisenhower, it will sweep enough Republicans into office to give their party control of the House—if not the Senate, too—with a powerful ally of the President, Representative Joseph W. Martin, Jr., of Massachusetts, returning to the Speakership in place of Democrat Sam Rayburn.

"Uneasy" strategy. The net effect of the figures turned up by the Republican researchers, coupled with sample polls of public opinion, is to drive Republican candidates into a position where they will

(Continued on page 32)



Basic Data: Republican Congressional Committee

© 1955, By U. S. News Pub. Corp.

Harnessing heat for safety's sake

3M ADHESIVES

A temperature of 215° F. is just too hot to handle, no matter where you find it. Yet today's wall-type room heater must operate at just such a temperature *inside*, while staying cool enough on the *outside* so that even a child can touch it in perfect safety. What's behind this bit of modern insulation magic? A 3M product called EC-226—the versatile adhesive you see in action above.

Applied quickly and easily by spray, EC-226 has "quick strength" . . . takes a gentle grip on the insulation immediately upon contact, simplifying the manufacturer's assembly operation. Then the adhesive dries to form a lasting bond that *keeps* the insulation at its cooling job—without a slip—despite the boiling-hot temperatures generated inside the heater.

See what adhesives can do for you . . .

Call upon 3M research for the solution to your specific design or production problem. Call an expert, your nearest 3M Field Engineer—or write for further information to 3M, Dept. 94, 417 Piquette, Detroit 2, Mich.

ADHESIVES AND COATINGS DIVISION **MINNESOTA MINING AND MANUFACTURING COMPANY**

417 PIQUETTE AVE., DETROIT 2, MICH. • GENERAL SALES OFFICES: ST. PAUL 6, MINN. • EXPORT: 99 PARK AVE., N.Y. 16, N.Y. • CANADA: P.O. BOX 757, LONDON, ONT.

MAKERS OF "SCOTCH" BRAND PRESSURE-SENSITIVE ADHESIVE TAPES • "SCOTCH" BRAND SOUND-RECORDING TAPE • "SCOTCHLITE" BRAND REFLECTIVE SHEETINGS • "3M" ABRASIVE PAPER AND CLOTH • "3M" ADHESIVES AND COATINGS • "3M" ROOFING GRANULES • "3M" CHEMICALS

[continued]

WHY REPUBLICANS WORRY ABOUT '56

"run scared" in 1956—in spite of what the party optimists say.

A few figures serve to point up Republican troubles in the House races that lie ahead.

Of the 435 House seats, 232 now are held by Democrats, 203 by Republicans.

In 1954, Republicans won 63 seats by majorities smaller than 5 per cent of the vote cast in their districts. Only 31 of the Democratic seats were won by such small majorities. Thus, the Republicans have twice as many marginal districts as do the Democrats. This is shown by the chart on page 30.

A fourth of the marginal districts of the 1952 election changed parties in the 1954 voting, with the big advantage running toward the Democrats.

On the other side of the picture—in the category that the politicians regard as safe—of the seats that were won by majorities larger than 10 per cent of the vote cast, Democrats have more than twice as many as Republicans. Among these are 77 seats in which Democrats were unopposed in 1954. Republicans got only 2 House seats in 1954 that they did not have to fight for.

Weight of South. The big block of uncontested seats that goes to the Democrats in the South in election after election plays an important part in determining which party is to control the House. It means that Republicans have to get at least 55 per cent of the major-party vote outside the South if they are to win control of the House.

At this point, polls by George Gallup indicate that Republicans are far short of the support they need in the North, with national sentiment weighted in favor of the Democrats. Outside the South, Republicans are 10 percentage points short of the Democrats in prospective registrations, if the polls are correct.

For the nation as a whole, the polls show a much larger Republican shortage in prospective registrations. Across the nation, the registration would give Democrats a 3-to-2 edge. In the South, the Democratic margin is better than 3 to 1.

The attraction that Mr. Eisenhower has for Democratic voters shows up in a recent poll. Of those who voted in 1952 for Mr. Eisenhower, 3 would register now as Democrats for each 7 who would register as Republicans.

—United Press

THREE WHO HAVE BIG STAKES IN THE ELECTIONS
Republican Martin, Democrat Rayburn, the President

Nucleus for drive. How to capture these Democratic voters in 1956 is one of the present problems of Republican planning. In 1952, it was done, in part, by separate campaign organizations that were set up under Mr. Eisenhower's name as "Citizens for Eisenhower" or "Democrats for Eisenhower" groups. The nucleus for these organizations remains, largely intact, for the 1956 campaign.

In part, the Republican House problem can be eased by these groups. But a great many of the 63 marginal districts that the Republicans have an eye on are in big-city districts or industrial and mining areas where the Democrats and organized labor will have a strong partnership arrangement working against the Republicans.

Of the Republican marginal districts, 24 are in mining, industrial and big-city areas. They are sprinkled through California, Connecticut, Maryland, Montana, Ohio, Pennsylvania and such big cities as San Francisco, Los Angeles, Chicago, St. Louis, Louisville and Philadelphia.

Twenty of the Republican districts are in farming areas—in California, Colorado, Illinois, Indiana, Kansas, Maine, Michigan, Minnesota, Wisconsin and Ohio. Here the price of farm products can make a big difference in the way the farmers vote.

Nine Republican districts are in suburban areas. In good times, they are unshaken by labor forces. But some Republicans are disturbed at the way some suburbanites have been voting in the elections of this spring. Ten other Republican districts are in mixed industrial and farming communities.

Republican troubles in the farm belt in 1954 gave the Democrats some seats in Minnesota, Indiana, Missouri and Illinois that now show up on their own list of marginal seats. Altogether, Democrats have 15 farming districts on their danger list, about half of the total.

Sixteen of the Democratic districts are mining, industrial, big-city, or mixed industrial and farming areas. Labor will be active and the Democratic organizations in Chicago, Michigan and Pennsylvania —where several of the seats are located– are well-oiled for 1956.

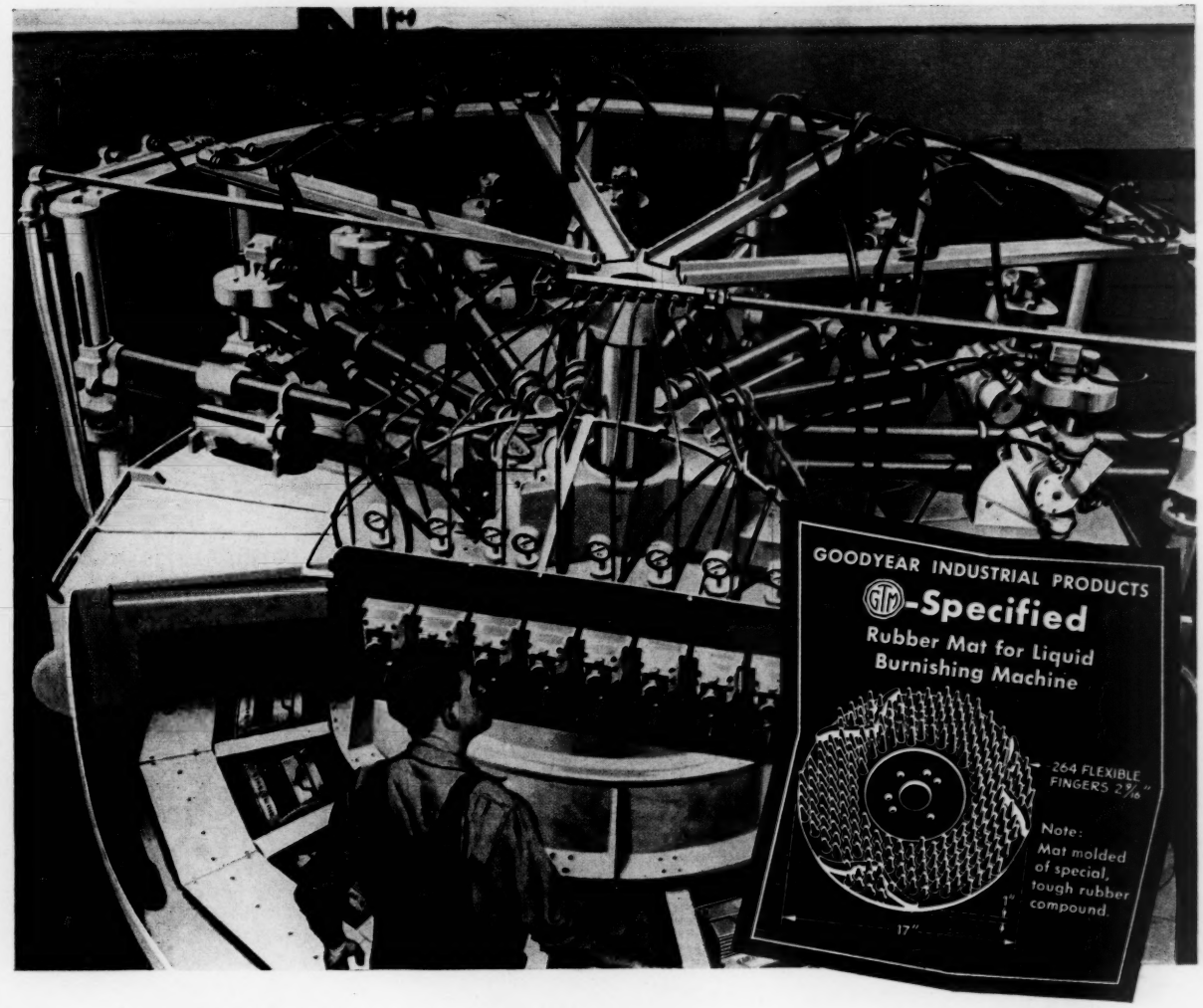
Fifteen seats needed. To win control of the House by the narrowest of margins—a mere 218 majority—Republicans need to make net gains of 15 seats in 1956.

It would take a 3 per cent swing toward the Republicans, and the capture of all Democratic seats that lie inside that margin, to give Republicans the 15 seats they need. But, if the tide were running in the other direction, Democrats would capture 38 seats with a 3 per cent swing in majorities.

If Mr. Eisenhower should show the same pulling power for Republicans that he did in 1952, the party could grab command of both houses of Congress. In 1952, Republicans made gains of 3 Senate and 20 House seats. The same net gains in 1956 would put them in charge of Congress again.

This is the big thing Republicans are banking on for 1956. They think the President can turn the trick for them again.

Will Chief Justice Warren figure in '56 election? See page 66.



Now...Rubber Fingers Buff Metal Parts with "Mud"!

THIS IS A liquid burnishing machine. In it, metal parts receive their proper, pre-plating finish by being scrubbed with an abrasive "mud."

Biggest advantage of the "mud machine" is its elimination of dust and lint with their threat of silicosis. It also removes the danger of fire, lowers scrap and permits higher production per square foot — all at lower cost!

The scrubbing of the parts is accomplished with a series of rubber mats, each having hundreds of fingers. And therein lay a problem for the designers. The extreme abrasion, severe flexing of the fingers and constant use in water quickly took their toll of mats made with ordinary rubber. Finally, the G.T.M. — Goodyear Technical Man — was called on for help.

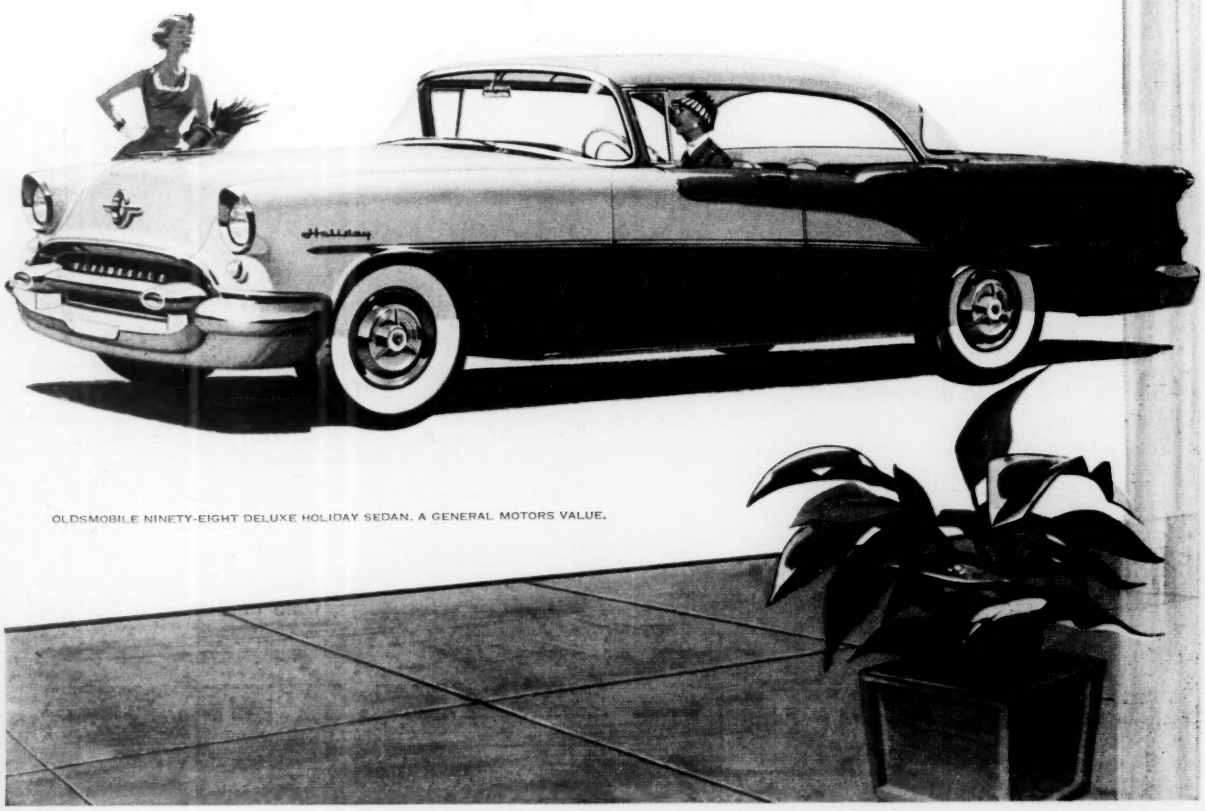
The G.T.M. came up with a special compound for the job plus changes in design which resulted in a much more durable mat and commercial feasibility for the machine. How can you use his experience and expert knowledge of rubber? Any molded goods problem will find a better answer at Goodyear, Industrial Products Division, St. Marys, Ohio or Akron 16, Ohio.

GOODYEAR

THE GREATEST NAME IN RUBBER

Holiday Sedan by Oldsmobile . . . four words with a magic story to tell! For here is the first original body style since the Holiday Coupé. In line and glamor it's a hardtop—in comfort and convenience, a spacious four-door sedan.

And just a reminder: all this beauty is backed by the magnificent action of the "Rocket" 202 Engine. We hope you discover how much that means soon . . . out on the road!



OLDSMOBILE NINETY-EIGHT DELUXE HOLIDAY SEDAN. A GENERAL MOTORS VALUE.

NEW POLIO VACCINE: YOUR QUESTIONS ANSWERED

Here, from men who know, are answers to practical questions on the new polio "shots":

- **Even one shot will give some immunity.**
- **There's no danger that the vaccine will cause polio.**
- **Immunity might last indefinitely.**
- **Children vaccinated in the 1954 tests need "boosters."**
- **Shots this year will be far more effective.**
- **Vaccine seems to prevent all polio deaths.**
- **Shots can be given to babies at 3 to 6 months of age.**
- **Adults can take shots when available.**
- **Injections do not hurt, have a water base.**
- **Immunity starts 6 to 9 days after a shot.**
- **Those who have already had polio need shots, too.**
- **Shots may be 100 per cent effective soon.**

Just how effective is the new polio vaccine?

Very effective against the most crippling types of polio. Not quite as effective against the less crippling types. Not effective against types that do not cripple.

Dr. Thomas Francis, Jr., who tabulated the results of the 1954 vaccine field tests, concludes that an individual's chance of getting paralytic polio, if vaccinated, is only 10 to 20 per cent as great as his chance would be without "shots."

Dr. Jonas E. Salk, who developed the vaccine, says that the "nonparalytic" type of polio does no lasting damage, is not considered a major problem. Nearly everyone has one or more cases during a lifetime, usually without realizing it.

Will this year's shots be more effective than those of last year's test?

Yes, for two reasons: Dr. Salk has learned a better way to prepare the vaccine and a better way to administer it. Shots given this year, in other words, will be far more potent than some given in the mass experiment last year. And the timing and method of giving shots will also insure a bigger build-up of antibodies which combat polio in the body.

What improvement is there in the vaccine itself?

Last year, the vaccine contained a chemical that was added to preserve it during storage. It was learned later that this chemical reduced the potency of the vaccine, resulting in less polio immunity. Now the vaccine is being manufactured with a better preservative or with no preservative at all.

What is the new method for administering vaccine?

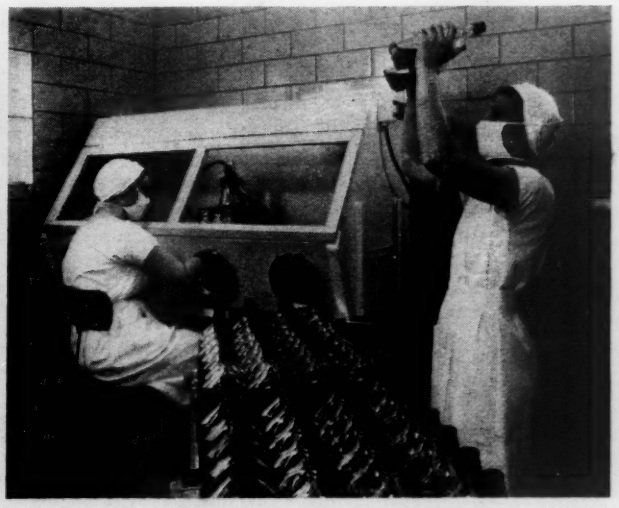
Dr. Salk recommends that two inoculations be given within two to four weeks of each other, with a third shot about seven months later. Last year, all three shots were given within a five-week period. It was found that inoculations given in this short period provided "primary immunization." Only a limited number of antibodies were produced. But an additional shot after a seven-month wait made the antibodies multiply very rapidly.

How long will this immunity last?

For "an indefinite period, perhaps

–National Foundation for Infantile Paralysis

1954: A GREAT MEDICAL EXPERIMENT



1955: THE VACCINE ROLLS OUT

The verdict: effective and "incredibly safe"

[continued]

ANSWERS ABOUT NEW POLIO VACCINE

years," says Dr. Salk. This is much longer than was expected last year. At that time, the lasting effect could be judged only from tests on mice and monkeys. Now it has been learned that the effect lasts longer on humans. Whether "booster" shots will be needed after a few years, however, is not yet certain.

What is the best age for a polio vaccination?

Ideally, inoculations might be given when a child is only 3 to 6 months old, Dr. Salk says. Because of the scarcity of vaccine at this time, shots will be given initially to youngsters in the first grades of school, as that is the time when children are most susceptible to polio. After that, the older people are, the less likely they are to contract it.

How about adults? Should they get shots too, when vaccine is available?

Probably not over the age of 20. Polio does strike in later years—it hit the late Franklin D. Roosevelt at 39—but it is very rare among adults. Shots can be given to adults, however. There are some recommendations now to give pregnant mothers the same priority as young children.

Is the vaccine really safe?

Yes, according to Dr. Francis. He calls it "incredibly safe." Some inoculations against disease cause serious reactions. But the vaccine has produced no major bad effects, and even the number of minor side reactions has been "negligible."

Is there any danger of catching polio from the vaccine?

Absolutely none, according to the scientists. The reason: Instead of using live virus in the vaccine, the polio virus used is first killed with formaldehyde. Only if live virus were used could the vaccine cause polio.

Just what is the vaccine like?

It is a clear, red liquid that results when actual polio virus is cultivated—grown in kidney tissue taken from monkeys—and then killed with formaldehyde.

How much vaccine is available now?

The National Foundation for Infantile Paralysis has contracted with pharmaceutical manufacturers for enough vaccine for 27 million shots.

On the advice of Dr. Salk, the National Foundation has announced that only two shots per child are to be given this spring. On this basis, 13.5 million children can receive the two-shot inoculation. The manufacturers presumably will have plenty of vaccine seven months later to supply the third shot then.

Is the vaccine already available commercially?

Yes. Just a few hours after Dr. Francis made public the results of the 1954 tests, the Federal Government licensed six manufacturers to produce and sell it. The Government could not do this until the vaccine had been proved safe and effective. So it is available now from pharmaceutical firms in some areas, although still in very scarce supply.

When is the best time of year to be inoculated?

Sometime before the onset of the polio season. This will give antibodies, which combat the polio virus, time to build up before the most dangerous period.

Will some immunity be given by the first shot?

Yes, even one shot will set up some

(Continued on page 38)

HOW THE SALK VACCINE MEASURED UP

Number of children in the test. . . .	1,829,916
Getting the Salk vaccine	441,131
Getting "dummy" shots	201,229
Getting no shots at all	1,187,556

Polio cases among children in the test

For those getting the vaccine	3 in 10,000
For those getting "dummy" shots	7 in 10,000
For those getting no shots at all	5 in 10,000

VACCINE'S PROTECTION was most effective — 94 per cent — in the type of polio most often fatal . . . ALSO, among children getting polio, lasting paralysis was less frequent for those who had received vaccine

Source: University of Michigan Evaluation Center

© 1955 By U. S. News Pub. Corp.

machined by the millions from cold finished bars

Cogs, cams, sprockets, shafts—countless precision-machined parts—flow by the millions from high-speed screw machines. This automatic machining, in the *screw machine industry*, is the key to faster and better production in many other industries.

Automobiles, sewing machines, business machines—nearly all types of mechanical products—owe their smooth operation to unseen machined parts. Only automatic screw machines can produce these parts fast enough, and uniformly enough. In most operations the metal bar stock is free-cutting, cold-finished steel.

J&L supplies cold-finished steels with the uniform quality and machinability so essential to faster and better production, both in the screw machine industry and in the industries which use machined parts in assembling their finished products.

Jones & Laughlin

STEEL CORPORATION — *Pittsburgh*

Hot and Cold Rolled Sheet and Strip • Tin Plate • Tubular Products • Plates, Structurals, Hot Rolled Bars • Cold Drawn Bars • Wire and Wire Products • Alloy Products • Electricweld Tubing • Wire Rope • Steel Containers • Coal Chemicals

Look to J & L . . . for the steels that work for modern industry

[continued]

ANSWERS ABOUT NEW POLIO VACCINE

immunity. The successive shots merely serve to increase the degree of immunity.

Suppose a child already has contracted polio; will the vaccine help?

If the child has contracted paralytic polio and has a fever, Dr. Salk does not recommend inoculation. If the child has no fever, the matter should be left to the discretion of the family physician.

Will the vaccine help cure anyone who already has polio?

Not as far as the scientists know at this time. The inoculation is not intended to be a cure, but a preventive.

Should children who got polio shots last year be inoculated this year, too?

Yes. Dr. Salk suggests that they get at least a booster shot in 1955. The shots they received in 1954, all within a short period, can be considered "primers." One more dose now will give them maximum immunity, the scientist believes.

How about a person who has recovered from polio? Does he need shots now?

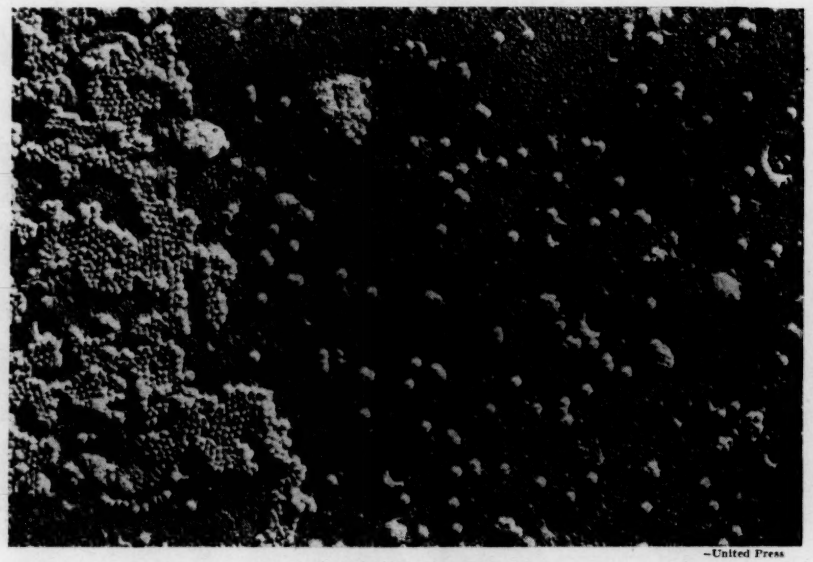
He is advised to take the vaccine, too. The reason is that an individual who contracts one type of polio will not necessarily develop immunity to the two other types.

In case of a local epidemic, will vaccine give immediate protection?

No. There is a time lag during which the antibodies are being formed and immunity built up. With most people, that will take six to nine days after the first shot. After that period, some immunity will be created to give protection from the epidemic.

During an epidemic is a child more likely to get polio if given a shot?

Definitely not. The vaccine itself cannot cause polio, cannot increase the chances of picking up the polio virus even during the six-to-nine-day build-up period.



—United Press

THIS IS THE POLIO VIRUS
Only dead virus goes into the injections

Didn't some children die from polio after being vaccinated in 1954?

There was only one. In this case, the child did not receive the full course of shots, apparently contracting the disease soon after the first shot. But the vaccine appears to have warded off death from polio among all other children given even one shot. This is one of the most encouraging aspects of the 1954 tests.

How about children who were crippled by polio last year despite shots?

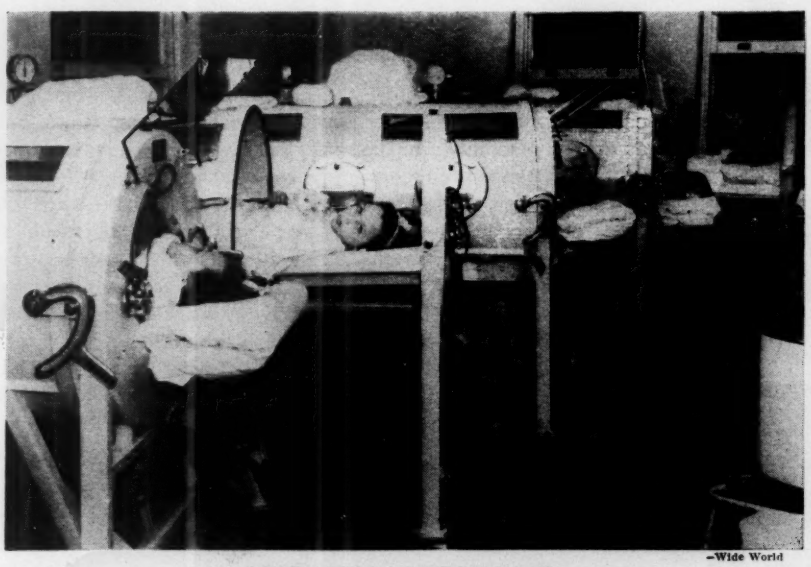
There were only 76 afflicted with paralytic polio out of the 441,000 children given the vaccine last year. A large proportion of those who got polio despite shots—3 out of 10,000 did, as the chart on page 36 shows—got the nonparalytic variety, which has no lasting effect and which the vaccine does not guard against.

Just how is the vaccine given?

Like most inoculations, it usually is injected with a sharp needle into the muscle of the arm. It can also be given in the skin, or between the skin and muscle, but Dr. Salk recommends that it be given in the muscle. It could be injected into the buttock, as well as the arm.

Is there hope that other diseases now may be prevented by similar means?

Yes. Dr. Salk believes that this technique—of using killed vaccines—may enable scientists to produce vaccines against other virus diseases, even against influenza and the common cold, which have long defied efforts at prevention.



—Wide World

POLIO VICTIMS IN IRON LUNGS
The vaccine scores highest against paralysis

Other doctors are speculating that it may open the way to vaccines against many other infectious diseases, including tuberculosis, pneumonia and the streptococcal infections associated with rheumatic heart diseases. No serious effort has yet been made to attack these diseases with killed vaccines.

How extensive was last year's test of the Salk vaccine?

It was probably the biggest medical experiment ever attempted, from the standpoint of the number of people involved. In the spring of 1954, the vaccine was given in a full series of three shots to 423,000 children in 44 States. To check the effect of the vaccine, more than 1 million other children living in the same neighborhoods with those vaccinated were studied as closely as those who got the shots.

About 860,000 of an "observed control" group were given no inoculations at all. They were first and third-grade children in certain schools chosen for the test. In those schools, the second-grade children were given the polio vaccine.

In other schools, children of the first, second and third grades were given inoculations. But only about half were inoculated with polio vaccine, while the other half were inoculated with a liquid that had no medical effect whatever. This liquid was given as a blind, so that no child or teacher would know who was getting the vaccine and who was getting the dummy shots. This was called the "placebo" test.

Were results uniform around the country?

No; there were wide variations. Results were different in the "placebo study areas," where dummy shots were used, and in the "observed study area." They differed, too, among the various kinds of polio and among the three types of polio virus. In evaluating the tests, Dr. Francis chose to use the estimate of effectiveness in the areas where dummy shots were used, in which polio epidemics were worse last year. His estimates of 82 to 91 per cent effectiveness were based on results obtained in types of paralytic polio confirmed by laboratory tests.

Did the vaccine show the same protection against all polio strains?

No. Dr. Francis's figures indicate that the vaccine offers best protection against the most serious polio types. It prevented virtually all deaths. It gave protection against strains of the disease which cripple, not against the noncrippling type. In other words, the more severe the type of polio, the more protection the vaccine appears to give.

Is there likely to be a scramble to get the vaccine while it is scarce?

(Continued on page 40)

"Thanks for reminding me!
It is time to put in Quaker State"

Gentle reminder: now's the time smart motorists change their oil, and smarter ones say Quaker State! Have you discovered the peak performance, the protection and endurance that Quaker State has always guaranteed? Now finer than ever, with costly 100% Pure Pennsylvania Grade Crude Oil super-refined and blended in special Quaker State ways. Made to lubricate modern engines, to guard them with the *Miracle Film*, to keep them clean and free from wear, to give you smooth full power! It's a real economy to buy the best —long-lasting Quaker State.

QUAKER STATE OIL REFINING CORPORATION, OIL CITY, PA.
Member Pennsylvania Grade Crude Oil Association

Come to Pittsburgh...

for a 10 BILLION DOLLAR COMMERCIAL MARKET!

Retail Sales . . $5,354,923,000
Wholesale Sales 4,943,992,000

. . . in a market of 59 counties within 100 mile radius of the city. Half of these sales in Metropolitan Pittsburgh alone.

Come to Peoples First...

for all your Pittsburgh banking needs

Let us help you make the most of your Pittsburgh operation. We offer complete banking and Corporate Trust facilities for operations of any size. Our intimate knowledge of this rich market is at your service. Inquiries welcomed.

Think of PEOPLES FIRST

PEOPLES FIRST NATIONAL
BANK & TRUST COMPANY
Pittsburgh 30, Pa.

Member Federal Deposit Insurance Corporation

[continued]

NEW POLIO VACCINE

Probably, in the case of supplies you can buy. The free shots are to be given to lower-grade pupils who get their parents' approval. But other shots probably will be given for a fee by private doctors, with scarce vaccine from private pharmaceutical firms.

Dr. Alan Gregg, of the Rockefeller Foundation, recognizes a probable scramble ahead, and says: "We are now to be faced as a people with a desperate test. Can we resist the temptation to bootleg, cheat and quarrel for a vaccine that is in short supply, to use every stratagem for selfish advantage? Will a scientific victory be followed by a moral defeat?"

Do the shots hurt?

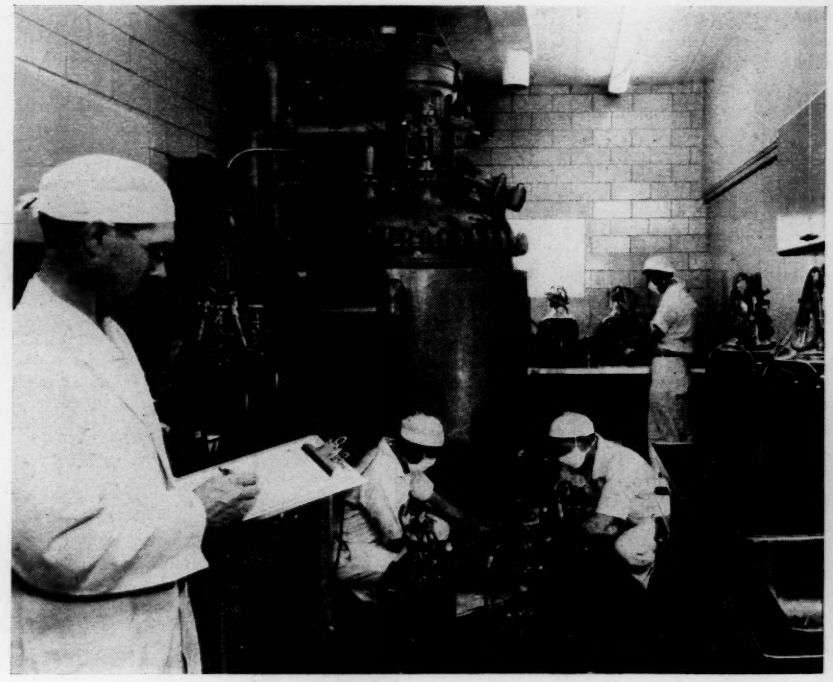
Administration of the shots in the arm is reported to hurt even less than most other inoculations. There is no sting, little reddening. The reason: The killed virus is in a water solution instead of an alcohol solution.

Will people outside the U. S. be able to use the vaccine this year?

In some cases, yes. The formula for the Salk vaccine has been published and is known now to scientists abroad. It can be made in any country with some laboratory equipment. Reports on effectiveness of the shots have been forwarded to 75 nations for study. Export of vaccine from U. S. will be authorized as soon as domestic needs are filled, but that is not likely to be this year. Within a few months, however, the vaccine can be produced abroad, given to youngsters around the world.

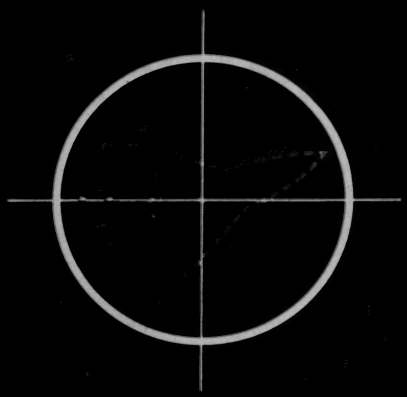
Will the new vaccine actually eliminate polio?

This now becomes a possibility, could happen even before everyone gets a polio shot. Dr. David Bodian, Johns Hopkins University scientist and a pioneer in the field, is authority for that statement. Polio can be wiped out, he says, if the vaccine becomes 100 per cent effective—which Dr. Salk says is theoretically possible—and destroys the polio virus carriers. Shots now can prevent most people from getting the disease. The question that remains is whether it can wipe out the virus being carried around by people who are not ill, so that they will not transmit it to others.



PRODUCING THE SALK VACCINE
There may be a scramble to get it

Extracts from an official report on the polio tests start on page 42; for information on how polio shots may be obtained, see page 44.



UNSEEN TARGET ON THE SPOT!

Complex fire control systems are highly developed electronic minds concealed in today's wonder weapons—capable of searching out, tracking and destroying unseen targets automatically!

And in Crosley *reliability*, the Military finds quick response to rigid demands for accuracy and dependability in building these intricate "intelligence" systems. Crosley develops and designs the basic ideas, tests complete systems under all environmental conditions and quickly translates results into volume production— real assurance— Crosley does the job *right and on time!*

For Procurement Agencies and Defense Contractors: an illustrated brochure describing Crosley facilities for Military production. Write for your copy today, on your business letterhead. *Avco Defense and Industrial Products, Stratford, Connecticut.*

CROSLEY • LYCOMING • AMERICAN KITCHENS

DEFENSE AND INDUSTRIAL PRODUCTS

Official Report:

WHAT THE POLIO TESTS REALLY SHOWED

The official report on the polio vaccine developed by Dr. Jonas E. Salk reveals just how good it really is.

The vaccine offers protection against mild types of polio, works with increasing effectiveness as the severity of the disease increases. It is safe, causes a minimum of reactions, may give long immunity.

Here, from a report written by the deputy director of the group set up at the University of Michigan to evaluate the vaccine, are the basic conclusions of the test.

Following are extracts from the medical summary prepared by Dr. Robert F. Korns, deputy director of the vaccine-evaluation program:

During the spring of 1954 an extensive field trial of the . . . effectiveness of formalin-inactivated poliomyelitis vaccine, as developed by Dr. Jonas Salk and his associates, was initiated by the National Foundation for Infantile Paralysis.

The Poliomyelitis Vaccine Evaluation Center was established at the University of Michigan for the purpose of impartially collating and analyzing data collected through the combined efforts of many thousands of health department workers, practicing physicians, physical therapists and laboratory people scattered through the 211 participating study areas in 44 States.

° ° °

The tremendous clinic program was accomplished according to plan during April, May and June. In placebo control areas [where "dummy" shots were given to some, vaccine to others] the study population included 749,236 children; 455,474 (or 60.8 per cent) requested participation; 200,745 (26.8 per cent) received three injections of vaccine, and 201,229 (26.9 per cent) three injections of placebo, an identical material which, however, contained no poliomyelitis virus or monkey kidney protein. In observed control areas the study population totaled 1,080,680 children in the first three grades; 221,998 second-grade children (20.5 percent of the total) received three doses of vaccine.

The first problem of evaluation was that of collecting and verifying basic information on each of the 1,829,916 children in the study population. These data, which included the name, address, age, sex, history of polio or other crippling condition, participation status and dates of vaccination, if any, for each child, were transferred to punch cards, and tables describing the population were prepared which would serve as the denominators over which the discovered cases of polio would be placed for the determination of polio attack rates in vaccinated vs. control and in other segments of the population. . . .

The question of safety of the vaccine was assessed through specific studies of the cause and extent of absenteeism from school following inoculation in Pittsburgh and Schenectady, N. Y. The experience was identical in vaccinated and control subjects and no significant reactions were observed.

From records obtained during the clinic [vaccination] program, the following distribution of minor reactions was observed: Placebo control areas—931 reactions or 0.4 per cent in vaccinated and 939 or 0.4 per cent in those receiving placebo.

Of the so-call "major" reactions, none of which could be clearly attributed to inoculation, 9 or 0.004 per cent occurred in vaccinated and 13 or 0.006 per cent in the placebo control. Those findings . . . fail to implicate the vaccine as a significant cause of untoward reactions.

Also bearing on the question of safety is the review of 129 cases occurring up to the first month after inoculation. Here again, there is no evidence implicating vaccine as a source of infection. Furthermore, study of the location of the paralysis failed to demonstrate any localization of involvement to the left arm, where all injections were given.

For the purpose of measuring the antigenic potency [the power to stimulate the body's disease-fighting mechanism] of the various lots of vaccine used, blood samples were collected prior to vaccination, two weeks after the third clinic and again five months later from 40,881 children. Results from the study of sera from 9,000 of these are now available for analysis and served as the basis for classifying lots of vaccine into good, moderate, low-moderate and poor categories. There was wide variation in the response to various lots, as used under field conditions. In general, the response to Type I polio virus was inferior to that for Types II and III. Data from the study of the third bleeding are less complete but indicate some persistence of antibodies [disease-fighting substances] four to five months after completion of the series of vaccinations. Some decline in antibody titer [level] was observed, particularly in those children vaccinated with so-called poor lots; however, the levels in vaccinated children persisted in being distinctly higher than in the associated control children.

When Polio Struck in Test Areas—

The second problem in evaluation was concerned with the discovery and investigation of all cases of poliomyelitis or suspected poliomyelitis in the study population. The various steps in the investigation are discussed at length in the report, but consisted essentially in the initial case report; . . . muscle evaluation by one of 67 specially trained physical

. . . "Most striking effect was observed in bulbospinal disease"

therapists 10-20 days and 50-70 days after onset of illness; the review of these findings by clinical experts; and the laboratory study of stool and blood samples from the patient, for the isolation of poliomyelitis or other virus and the search for poliomyelitis antibodies. . . . Each study case was finally classified before the vaccination status was revealed, thus assuring unbiased interpretation of all data.

RESULTS

The comparison of the poliomyelitis attack rate in vaccinated and control populations is presented through a sequence of steps, each one attempting to purify further the diagnosis. A total of 1,013 cases was reported in the study population with onset during the period two weeks after the third vaccination to Dec. 31, 1954. These are classified in placebo control areas as follows: 67.5 per cent paralytic, 17.6 per cent nonparalytic, 7.2 per cent doubtful, 7.6 per cent not polio.

As a first step, the total reported cases, total cases considered to be polio, total nonparalytic and total paralytic in both placebo and observed control areas were examined. Through these stages of purification there is a progressive increase in the percentage of effectiveness displayed. No significant difference was detected in the rates of nonparalytic poliomyelitis in test and control groups. However, when these cases and those called not polio are removed, so that only paralytic cases remain, an estimate of 75 per cent effectiveness is obtained in the placebo areas, and 62 per cent in the observed areas.

Next, more detailed attention was given to the effect of vaccine with respect to clinical type and extent of paralysis. The most striking effect was observed in bulbospinal disease. . . . In this group, the estimate of effectiveness in placebo control areas was 94 per cent with a lower limit of 81 per cent. The effect noted in spinal paralytic polio was less striking, 60 per cent with a lower limit of 39 per cent. In observed control areas, these differences were even less pronounced but still highly significant.

What the Vaccine Did

A further refinement in analysis was to consider the effect of vaccine in patients from whom poliomyelitis virus was isolated. These furnish a higher degree of confidence in diagnosis. In cases classified as spinal paralytic, the effectiveness was the same in placebo and observed control areas, 82 and 83 per cent respectively, and the corresponding lower limits of effect were 65 and 64 respectively. Enforcement of laboratory criteria for diagnosis apparently eliminated a substantial number of cases which were less influenced by vaccination, and undoubtedly among them were many illnesses which actually were not poliomyelitis. The effect in bulbospinal polio, with laboratory confirmation superimposed, was 91 per cent in placebo control and 60 per cent in observed control areas.

The next step was to examine the effect of vaccine with reference to the specific type of poliomyelitis virus isolated. In placebo control areas the effectiveness was 68 per cent against Type I, 100 per cent against Type II (significant at .05 level), and 92 per cent against Type III. This clearly agrees with the previous demonstrations that most lots of vaccine were less antigenic against Type I than against the other two types. In addition, the effectiveness of different lots of vaccine varied considerably as measured by the occurrence of poliomyelitis.

- From these data it is not possible to select a single value giving numerical expression in a complete sense to the effectiveness of vaccine as a total experience. If the results from the observed study areas are employed, the vaccine could be considered to have been 60 to 80 per cent effective against paralytic poliomyelitis, 60 per cent against Type I poliomyelitis, and 70 to 80 per cent effective against disease caused by Types II and III. There is, however, greater confidence in the results obtained from the strictly controlled and almost identical test populations of the placebo study areas.
- On this basis it may be suggested that vaccination was 80 to 90 per cent effective against paralytic poliomyelitis; that it was 60 to 70 per cent effective against disease caused by Type I virus and 90 per cent or more effective against Type II and Type III virus. The estimate would be more secure had larger number of cases been available.

OTHER STUDIES

Several supplemental analyses are presented in the body of the report, which have bearing on evaluation and are mentioned briefly here.

1 The effectiveness of vaccine in preventing cases of poliomyelitis classified by extent of paralysis on the basis of the first muscle examination was compared with that, based on the second muscle examination, which, in essence, measured the extent of residual paralysis. This later group demonstrated a much more striking preventive effect, which becomes more distinct as the severity of the disease increases.

2 Study of the polio attack rate by individual years of age in test and control groups serves to confirm the other observations on effectiveness, although in placebo control areas the difference seen in six-year-old children was not statistically significant. There appears to be a progressive increase in effect as age increases, based on the limited data and narrow age span included in this study.

° ° °

3 A major activity in the field-trial areas was the investigation of all cases of poliomyelitis where a study child resided in the household. Analysis of these data in placebo control areas indicates that, among the 233 vaccinated children exposed to a case of poliomyelitis in the family, only 1 developed a laboratory-confirmed illness, a Type I infection (0.43 per cent). On the other hand, among 244 children who had received placebo and were exposed under similar circumstances, 8 developed laboratory-confirmed poliomyelitis (3.28 per cent). This is a statistically significant difference. . . .

4 Although it was urged that gamma globulin not be used in the study population during the course of these investigations, inevitably some was used for [protection against] measles and hepatitis [a liver infection] and for both family contact and mass application in connection with poliomyelitis. Records of this use were collected and the tabulation indicates that during the period May 1 to December 31, in placebo control areas, only 0.9 per cent of the vaccinated children and 1.1 per cent of those given placebo received some gamma globulin.

In observed control areas the use was even less, 0.4 per cent in both the test and control groups. No matter what one believes about the practical effectiveness of gamma globulin in preventing poliomyelitis, the total use of this material and its equal distribution in vaccinated and nonvaccinated children indicates that it did not interfere with proper evaluation of the effectiveness of vaccine.

"People often are hoggish about paper towels."

WITHOUT realizing it they'll use from two to four single fold towels just for drying.

— wasting as much as 40 inches of paper toweling.

But you can control this waste.

With savings up to 40%!

How?

With WESTROLL TOWELS in West Micromatic Cabinets.*

PEOPLE quickly unroll as little or as much as they want. But without realizing it they take less. Averaging 17 inches of soft WESTROLL.

Saves janitors' time, too.

— one filling of the tamper-proof cabinet equals four of a single fold towel dispenser.

— there's less litter to clean up.

And washrooms are cleaner, neater.

LET a West representative tell you more about WESTROLL economies. Or send for our free folder.

**Cabinets are loaned.*

OLDEST AND LARGEST COMPANY OF ITS KIND IN THE WORLD

WEST DISINFECTING Company

Dept. USN

42-16 West Street, Long Island City 1, N. Y.
(Branches in principal cities)

In Canada: 5621-23 Casgrain Ave., Montreal

☐ I'd like a FREE copy of your folder on cutting towel costs with WESTROLL.

☐ I'd like to have a WEST representative telephone me for an appointment.

Name_____

Position_____

(Mail this coupon with your letterhead.)

We've Been Asked:

HOW TO GET POLIO SHOTS

- **With the new polio vaccine now declared a success, many families are wondering just what that means to them and their children.**
- **Questions are being asked about who can get the shots—and when and how.**

Are polio shots now available for everybody?

No, not for everybody. It is estimated that possibly 18 million U. S. children will receive polio shots within the next few weeks. Vaccines may be available for 14 million others by the end of June. That would make 32 million out of a total of 57.7 million under the age of 20. However, some estimates are that up to 45 million may get the shots this year.

Will doctors set up priorities for giving the vaccine?

That is expected to be the general rule. Medical societies and State and local health officials have asked individual doctors to give priorities to children in the most susceptible ages—say, up to the teens—and to pregnant women. Most physicians are expected to follow this suggestion, though they are not actually bound to do so.

Is every doctor now equipped to give the vaccination?

He is equipped to do so, actually, except that most doctors do not yet have the polio vaccine. No new methods of inoculation are involved and all physicians have the necessary equipment.

What does the vaccination consist of? A shot in the arm?

Yes. The shot usually is given in the upper left arm, but could be put into any muscle. Altogether, there are three shots, each consisting of one cubic centimeter of reddish fluid. That's about one fourth of a teaspoonful.

What is the cost likely to be?

There will be some variation here. But the actual cost of the three shots of vaccine is expected to range from about $4 to $6. Total cost of the three injections, including fees for the visits to physician's office, is likely to be from $10 to $15. Some small children, however, will be able to get the shots free.

Is there a formal system to assure that children will get first chance at shots during the period of vaccine shortage?

There is, insofar as the youngest school children are involved. Any child in the first or second grade of any public, private or parochial school may get the shots, entirely free, if his parent or guardian requests it.

In addition, any child who took part in last year's test, but received the "dummy" shots, can get a free inoculation this year. Also, all other children who took part in the 1954 test, receiving the active vaccine, will be offered "booster" shots this year. This program is run with vaccine provided by the National Foundation for Infantile Paralysis. It is administered by State and local health services aided by local physicians. Other than this, there is no formal priority system.

How many will get the free shots?

It is planned to give the Foundation's free shots to 9.5 million small school children. Originally, there were to be three separate inoculations within a period of about five weeks. Now Dr. Jonas Salk, developer of the vaccine, has recommended that the third shot be used as a booster, delayed until about seven months after the second injection. Following that suggestion, the Foundation decided to use, and pay for, only two shots to start with. That should be followed by a third, or booster, shot toward the end of this year or early in 1956. This change stretched the supply of the vaccine—so that doses for an additional 4.5 million children are being made available to private physicians.

Some suggestions have been made that public-health, welfare and relief agencies should provide free vaccine for those children whose families cannot afford to pay. This may be done later in some communities.

When will there be enough vaccine to satisfy all needs?

Some persons working on the program think that there probably will be enough vaccine in the United States for all those who want it by the start of the polio season in 1956; and, by the following summer—1957—there may be enough polio vaccine available to take care of most needs in many other parts of the world.

Chevrolet Bel Air Convertible
with Body by Fisher.

Blue-ribbon beauty

that's stealing the thunder from the high-priced cars!

Wherever outstanding cars are judged a surprising thing is happening. The spotlight is focusing on the new Chevrolets with Body by Fisher!

Surprising—because Chevrolet offers one of America's lowest-priced lines of cars. But not really astonishing when you consider that its designers had just one goal—to shatter all previous ideas about what a low-priced car could be and do.

The unparalleled manufacturing efficiency of Chevrolet and General Motors provided the *means*—and that's why you have a low-priced car that looks like a custom creation. That's why you get the thistledown softness of Glide-Ride front suspension. That's why you can choose between a hyper-efficient 162-h.p. V8 engine or two brilliant new 6's. That's why Chevrolet's array of extra-cost options includes every luxury you might want, from Power Steering to Air Conditioning on V8 models. And that's why you should try a Chevrolet for the biggest surprise of your motoring life! . . . Chevrolet Division of General Motors, Detroit 2, Mich.

Motoramic CHEVROLET *Drive it at your Chevrolet dealer's*

GADGETS WITH BIG EARS: AN END TO PRIVACY?

With new gadgets, tiny and easy to hide, it's no trick at all now to listen in on private, secret conversations. Latest eavesdropping methods cause official concern. Checkup discloses listening devices that can be concealed in walls, fixtures, pockets, just about anywhere.

People are beginning to wonder whether personal privacy is a thing of the past.

With rapid development of the art of "electronic eavesdropping," not only the walls, but just about any fixture or piece of furniture in a room is likely to have ears.

It may even be possible soon to "wire for sound" an unwary person.

A congressional committee considering laws to control wire tapping has been told by a New York City private detective of new eavesdropping techniques that, in his words, "defy the imagination and also detection." The surprised Congressmen heard about such things as:

- Parabolic microphone aimed with a telescopic gun sight to pick up conversation 300 yards away.
- Tapping of telephone wires by remote control, with no physical contact on the telephone wire.
- Cigarette-pack-size transmitter, operated by battery, hidden in a room or car and beaming conversations to receivers a quarter of a mile away.
- Wire recorder hidden in a brief case or pocket, used with tiny, concealed microphone known to the trade as a "bug."

Fact or fancy? The detective, Bernard Spindel, has offered to demonstrate latest techniques in "electronic eavesdropping" for the Congressmen in a secret session. They took him up on the offer, with the date to be set later.

In the meantime, *U. S. News & World Report* asked experts in the fields of acoustics and electronics if the testimony heard by the Congressmen was based on fact or fancy, or on a combination of the two.

A factual basis, it is found, actually exists for most of the devices and techniques described by Mr. Spindel. Not all the experts were willing to go as far as Mr. Spindel in estimating capabilities of these gadgets.

There is complete agreement, however, on these points: The new methods of eavesdropping are dangerous tools in the hands of criminals, a threat to security in matters of national defense, and a threat to privacy in matters involving business secrets and a person's private life.

Much of the equipment described by Mr. Spindel is now on the market. Pocket-size recorders can be purchased in almost any large city and have, of course, many legitimate uses. The tiny transmitters are harder to find, but most radio and recording engineers can produce mail-order catalogues in which they are listed. Also listed in these catalogues are induction coils adapted for tapping telephones without actually being hooked to the telephone wires.

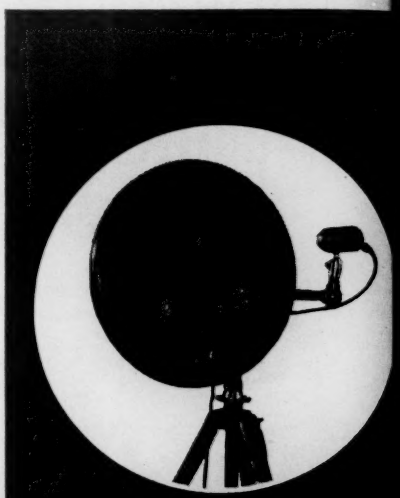
Widespread use of these eavesdropping devices is indicated by the fact that one manufacturer maintains a payroll of 80 to 85 employes. His company, he says, sells only to recognized law-enforcement agencies and licensed private detectives.

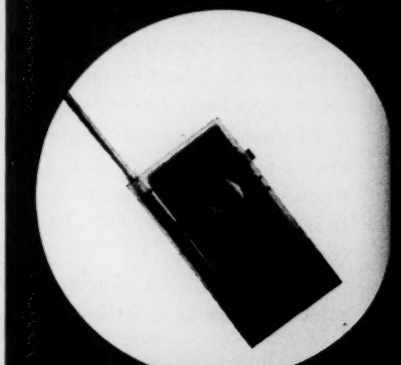
The long list of items this company produces includes such things as a microphone that can be held against a wall to pick up conversations in an adjoining room, a brief-case recorder that starts operating when a person begins to talk, a combination radio receiver and recorder that can be carried in an overnight case.

Long-distance eavesdropping. The parabolic microphone complete with telescopic gun sight was not found to be for sale. However, radio engineers point out that there is a factual basis for such a device as it was described to the Congressmen. Mr. Spindel said the latest model for eavesdropping at a distance is about 8 inches in diameter and permits a snooper to pick up conversations more than 300 yards away.

"It is a natural," said Mr. Spindel, "for recording suspicious people who will talk to you only in a bathing suit on a lonely beach to insure that you have no pocket recorder or transmitter on your person. It is just as effective against a rowboat in the middle of Central Park Lake or people on a street corner or on a park bench."

(Continued on page 48)

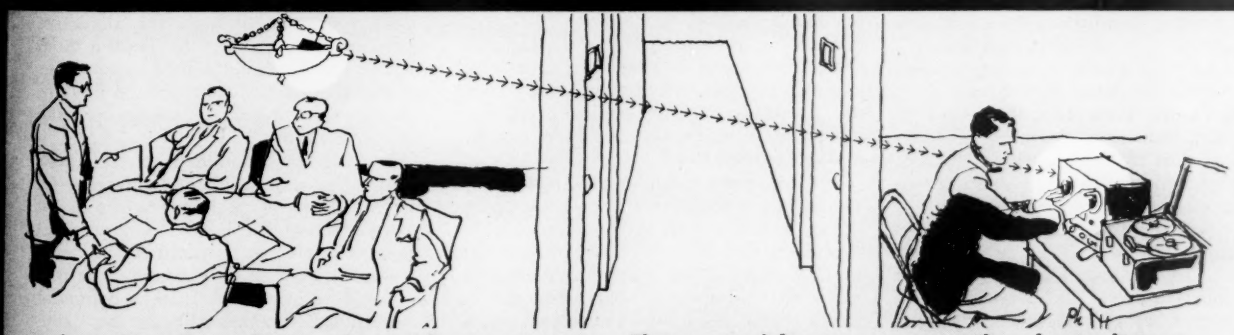




THE WAY ELECTRONIC EAVESDROPPING WORKS

Long-distance eavesdropping, recently described to Congressmen, sounds fantastic, yet has basis in techniques now used. At left is microphone with 22-inch, dish-shaped reflector sometimes used in broadcasts. Radio engineers say it would be possible to design a smaller model for eavesdropping. Sketch shows how the parabolic "mike" might be used by spies, Government agents or private detectives. Man in bushes focuses it on pair in boat. Conversation is picked up, amplified and recorded in truck.

Eavesdropping with tiny "mikes" and midget recorders has been practiced for some time and is continually being improved. Recorder pictured measures approximately 7 by 4 by 1½ inches, is battery operated, records up to 2½ hours. Wire from "mike" disguised as wrist watch can be run up sleeve to recorder carried in an inside pocket or in a shoulder holster. Or the small "mike" can be concealed under a necktie or coat lapel. Another trick is to disguise the "mike" as a hearing-aid button.



Invading the privacy of a conference room or hotel suite becomes easier — and harder for victims to detect — with the development of tiny transmitters. Models the size of a cigarette pack and operated off batteries or electrical circuits can be ordered by mail. They can pick up a conversation, beam it to a portable receiver and recorder a quarter of a mile away. Introduction of minute transistors to replace radio tubes will make smaller, better models possible.

© U. S. News Pub. Corp.

[continued]

BIG-EARED GADGETS: END TO PRIVACY?

Parabolic microphones have long been used in radio broadcasting and for recording bird calls. They are so called because they use a parabolic, or dish-shaped, reflector to collect sound waves and reflect them to a microphone at the focal point of the parabola.

The one pictured on page 46 has a reflector 22 inches in diameter. It has been used to pick up bands at football games, the sound of marching feet in parades and questions of reporters at big press conferences.

Harry F. Olson, a sound engineer for Radio Corporation of America, thinks a parabolic microphone with a reflector as small as a foot in diameter could, with proper design, pick up conversations 300 yards away "under ideal conditions." Such conditions would exist, he says, on a still day in the wide-open spaces.

—Herblock in the Washington Post & Times Herald

"THE RECORDING ANGELS"

. . . a threat to privacy

Long-range wire tap. Members of the House Judiciary subcommittee looking into wire tapping were startled to hear Mr. Spindel talk with assurance of tapping a telephone from as far away as 20 feet—without touching the wire. Said Mr. Spindel:

"Let us assume that I have knowledge that Congressman Celler [chairman of the Committee] will receive an important call at 10 a.m. tomorrow morning and I desire to have a recording of that message. Armed with an induction coil of special design, a standard hearing aid modified for this purpose, and a standard pocket recorder, I enter his reception room.

"With the pretext, perhaps, that I was to meet someone, I am permitted to wait. Surveying the situation, I maneuver to a location that permits me to tune in on his line via his secretary's extension. The call is received but Congressman Celler is reluctant to discuss the confidential matter and desires to call back the party from a public phone.

"By following him to the booth and locating myself in the general area, I can record both sides of the conversation —this being accomplished, irrespective of the fact that there may be more than half a dozen booths adjacent to each other, and all in use at the same time."

Experts regard the tapping of a telephone by induction as a simple matter, but using this method at a distance of 20 feet from the telephone seemed questionable to some of the electronics engineers. On the other hand, some in position to know of the latest techniques were reluctant to discuss such a development, declining to confirm or deny it.

A job for experts. These new methods of invading privacy are, of course, effective only in the hands of experts. Even then they are not completely dependable. One police detective, a veteran at wire tapping and "bugging," told *U.S. News & World Report* that recordings made with pocket-size recorders often are not usable as evidence because they are not clear. The limited range and short life of the tiny transmitters also leave much to be desired.

Evidence that the induction method is not as simple or dependable as the direct wire tap is seen in Mr. Spindel's statement that 90 per cent of the wire tapping done today is still by the old-fashioned method.

One big reason that the dependable direct wire tap is so widely used, say the experts, is that federal and State laws are, for the most part, confused and inadequate. A wire tapper is seldom caught and punished.

But, if enforceable wire-tapping restrictions are enacted, the eavesdroppers are expected to turn to the newer methods. They will of necessity work hard to perfect them. And electronics experts agree that equipment now being developed—much of it in connection with U. S. defense—will help pave the way.

"Wired for sound." Transistors, which can be as small as the head of a wooden match, are one of the rapidly developing items that will facilitate the making of miniature electronic equipment. They are taking over more and more of the jobs that were formerly done with radio tubes, and they need only a fraction of the power. Using them, along with much smaller batteries, it will be possible to make transmitters tinier and more durable than today's cigarette-pack-size models.

These transmitters will be so small, says one electronics expert, that one could be planted in a false heel on a victim's shoe, thus truly "wiring him for sound."

The experts felt that one eavesdropping method described by Mr. Spindel had no basis in present knowledge of electronics and acoustics. This was the "sonic spectrum," which the detective described as being used to "flood a room with a signal and obtain conversations without the need of concealing a mike or in fact ever entering or going near the room or building."

—Goldberg in the New York Journal-American

"THE SNEAK"

. . . a threat to security

None of the engineers or scientists could fathom what he was referring to, and Mr. Spindel declined to discuss it further, saying: "I believe Government agencies are now experimenting with this and it may be of a classified nature, so I will refrain from further comment about this in open session of the Committee."

The experts agreed, however, that, even without the "sonic spectrum," it is going to be increasingly hard in the years ahead to achieve individual privacy—if you know something that somebody else wants to know.

Worldgram®

FROM THE CAPITALS OF THE WORLD

VIENNA....BERLIN....BANDUNG....HONG KONG....

>> Soviet Russia is trying a new tack in Europe.

Moscow's new idea is neutrality--first for Austria, then for Germany. No alliances, this means, with East or West. No big armies, which worry Russia. No occupation troops, whether U.S. or Soviet. No U.S. bases, either.

Neutrality, Moscow hints, is safe, pleasant, cheap. And, for West Germans who break with U.S. and go neutral, there's the hope of a unified Germany.

It's this bait for Germans that is back of Moscow's sudden interest in an Austrian peace treaty. Germany, not Austria, is the Kremlin's main target.

A neutral Austria is designed to be the magnet for a neutral Germany.

>> You can't ignore the appeal that neutrality has for millions of Germans.

Withdrawal of Soviet troops from Austria will cheer Germans almost as much as Austrians. If it can happen in Austria, maybe it can happen in East Germany. It will look, to the hopeful, like the end of the "cold war" at last.

Withdrawal of U.S. troops, if it comes to that, is not likely to worry West Germans much. Nobody likes foreign troops around, even when they're allies. Fact that U.S. divisions might withdraw 3,000 miles tends to be forgotten.

Rearming isn't really popular in West Germany, with war fears receding. Rearming is accepted, as Government policy, but without enthusiasm.

Ties with West are approved by most Germans, but, if neutrality seems to offer a real chance for a unified Germany, and an end to Soviet occupation of East Germany, ties with the West will appear much less desirable.

Besides, as things stand, with West Germany allied to U.S., Germans see almost no hope of ever putting East and West Germany back together again.

West Germans, if they like the looks of Austrian neutrality, will be eager to try negotiations with Moscow, too, whether the U.S. likes it or not.

>> Communist pressure on West Berlin is intended to encourage West Berliners to yearn for neutrality, also, as a way out of all their problems.

For Austria, the Soviet prescription is the carrot. For West Berlin, it's the stick. For both, the Soviet idea is neutrality.

Continued pressure, it's calculated, may in time convince West Berliners that their only hope for a normal life lies in accepting neutrality. Rearmament, alliance with U.S.--Moscow is saying--means pressure, restrictions.

Blockade of Berlin isn't in the cards. Irritating pressures, combined with threats of worse to come, are apparently to annoy West Berlin for quite a while.

>> There's also this reason for Communist attention to West Berlin:

Unrest in East Germany is increasing. Railroad workers are causing some

(over)

trouble. Shortages of consumer goods are a chronic worry. Fear of conscription for an East German Army is another factor. Result has been an increase, during recent weeks, in the number of East Germans escaping into West Berlin.

It's customary to blame such developments on U.S. spies in West Berlin. If things get bad enough, the escape hatch into West Berlin can be shut tight.

But Moscow's big idea, in West Berlin as in West Germany, is to encourage thoughts of neutrality. It's one way of pushing the U.S. out of Europe.

>> In Asia, on the theory that the U.S. dollar is mightier than the sword.....

Dollars are now counted on to draw South Asia away from Communist China.

More U.S. aid for Asia, a new and bigger program, tailored to customers' needs, is catching the eye of Asia's leaders. They seem quite interested.

Dollar talk is thus the big competitor to Communist propaganda at Bandung, Indonesia, where delegates from 29 Asian and African nations are meeting.

U.S., though not present at this talkfest, is sharing the spotlight with such stars as Premier Chou En-lai of Peiping and Premier Nehru of New Delhi.

A U.S. dollar, to many Asians, still seems a nice thing to get hold of.

>> Propaganda blasts against the West are to be expected at gatherings like this one at Bandung. That's why Red China has such a big delegation here.

Bandung is a sounding board for all the complaints of all the troubled, struggling young governments of Asia and Africa. They have ancient grudges against the big powers of the West. They have more new problems than they can handle. So it's natural, if illogical, to blame their troubles on others.

Communists, of course, egg them on, intending U.S. to be the main target.

>> Chou En-lai, though, can't quite run the Bandung show to suit himself.

U.S. has some good friends at Bandung--Philippines, Thailand, Pakistan, Turkey, among others. They're military allies of the U.S., counting on the U.S. to underwrite their security. They know about Communists at first hand.

Also: About half the nations at Bandung have received substantial chunks of U.S. aid in the past and hope for more of it in the future.

Communist China, on the other hand, has no aid to offer, and is in fact regarded with fear and suspicion by the Asian nations within its range.

Bandung isn't quite the field day the Communist propagandists wanted.

>> Peiping's attempt to blame the U.S. for that plane crash in the South China Sea is a sort of case study in Communist propaganda techniques.

First you select an event that may always be a mystery. This permits you to make claims and charges that can never be disproved--or proved. Then you pin the blame on your principal enemy. This puts your enemy on the defensive, arouses suspicion of the neighbors, and boosts the morale of the folks at home.

In this crash that cost the lives of some Chinese Communists.....

The plane was owned by neutralist India, not anti-Communist America.

Pilot and crew were Indian, not American. Passengers were Communists.

Only stop in non-Communist territory was at British Hong Kong. At this stop of an hour, only Communist-approved personnel were permitted near the plane.

Result: U.S. is blamed for the crash. India isn't even mentioned. Britain is accused of permitting sabotage at Hong Kong. The villain, though, is U.S.--8,000 miles away.....It's Peiping's way with the technique of the Big Lie.

easy to see:

OUR General Motors designers continue to set new standards of automotive beauty.

The 1955 Chevrolet — Pontiac — Oldsmobile — Buick and Cadillac are certainly eye-thrilling proof of that.

And our engineers keep right up there with them—pouring GM's exceptional resources of scientific and technical equipment and ability into even finer high-compression V8 engines -- even smoother automatic transmissions. Not to mention improved power steering, power brakes and car air conditioning.

In fact the whole GM team has gone all out—as your dealer will quickly show you—to make the key to a 1955 General Motors car your key to greater value.

GENERAL MOTORS *leads the way*

CHEVROLET • PONTIAC • OLDSMOBILE • BUICK • CADILLAC • *All with Body by Fisher* • GMC TRUCK & COACH

CHAMPION Sets the Pace in Papermaking

d'Arazien

Super Calenders and Sheet Cutters at Champion's Ohio Division

Quality Papers in Production

Super calenders, which are giant "ironing" machines to polish coated papers to a glossy finish . . . and sheet cutters, which are huge power-driven "scissors" that cut rolls into sheets . . . are but two steps in the manufacturing of Champion's quality papers. The finest of raw materials, modern machinery and technical skills, plus constant research and consistent improvement—this is the Champion formula for unexcelled papers. Whether it is book, cover, bond, bristols, envelope grades—Champion's customers are assured of unsurpassed quality, matchless value.

Symbol of leadership in papermaking

CHAMPION® PAPERS

THE CHAMPION PAPER AND FIBRE COMPANY · HAMILTON, OHIO

District Sales Offices in New York, Chicago, Philadelphia, Detroit, St. Louis, Cincinnati, Atlanta, Dallas and San Francisco. Distributors in every major city.

WHEN SCHOOLS ARE MIXED—

Will Educational Standards Fall?

Educators in newly integrated schools are running into this difficulty:

Many Negroes coming from segregated schools are turning out to be behind their white classmates in their schoolwork.

This question now arises:

Can Negroes be mixed into previously all-white schools without the lowering of academic standards?

On the basis of experience, school officials are coming to agree on these points:

- A real problem is being created in schools where a substantial number of Negroes from segregated schools are integrated with white pupils.
- The Negro youngsters, on an average, show less educational attainment for their age than the average of whites. Why this is so is a matter of argument.
- The average scores of Negroes, in intelligence-quotient tests, are usually lower than those of whites of the same age. Again there is argument concerning the reason why and whether these tests provide a true gauge of Negro mentality.

Some integrated schools, where the proportion of Negro pupils is high, are now facing the choice of whether to maintain standards of required achievement at preintegration levels—and have more pupils unable to meet those standards—or to lower those standards to adapt them to the incoming Negro pupils.

Ever since the ending of segregation in schools has been an issue, there has been a question concerning the effect of integration upon educational standards.

Now, with many communities having already made the change-over, enough evidence has been obtained in actual experience to give some appraisal of what to expect when schools are mixed.

Negroes coming out of separate schools are being found generally behind their new white classmates in schoolwork. Many are reported as having difficulty fitting into the scholastic pattern.

Some school findings. The problem of unequal advancement has been noted in Missouri, for example, where many schools were integrated for the first time in this school year.

A St. Joseph, Mo., high-school principal reports: "We have found that the Negro students received at the high-school level are behind those who have had all of their work in our school."

A Mexico, Mo., high-school principal says that no difference in learning ability of Negro and white pupils has shown up, though differences in educational background appear, and a lack of thoroughness of past preparation is noticed in some Negroes.

In Washington, D. C., where 64,000 Negro pupils were mixed with 41,000 white pupils last autumn, one high-school principal found that, of 350 Negro students transferred from a segregated school, 125 had intelligence quotients below 75. "Normal IQ" is 100. Five classes for retarded students had to be established in this school.

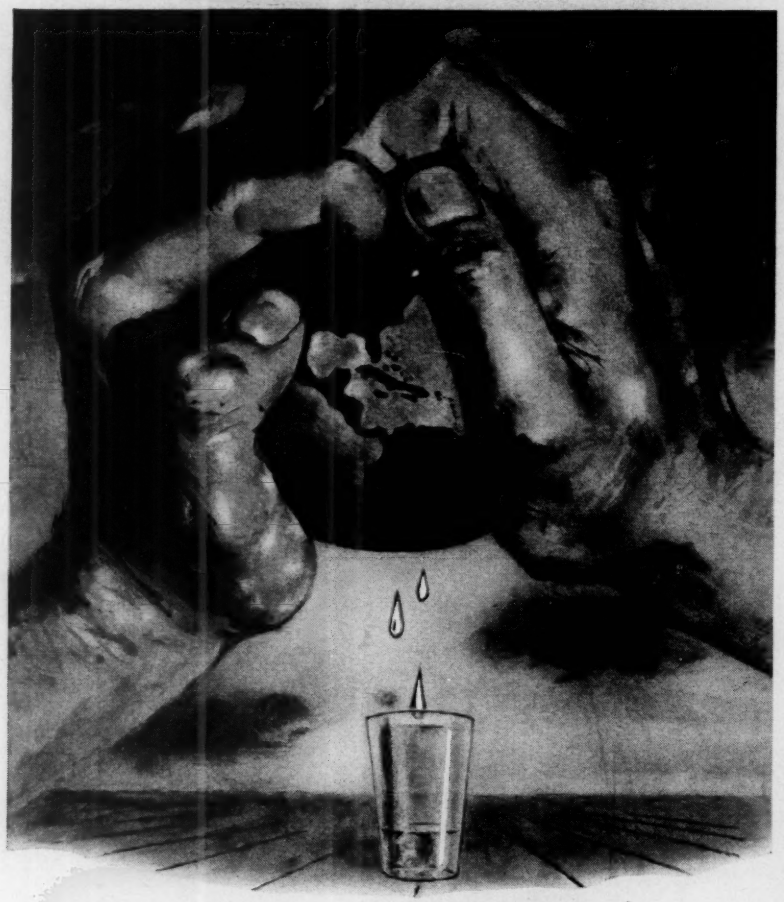
Attorneys for Virginia, arguing against hasty integration in the U. S. Supreme Court last week, cited surveys which they claimed showed: In intelligence-quotient tests given Virginia high-school seniors, in the cities, the lowest 25 per cent of white pupils made a higher score than the highest 25 per cent of Negroes. In reading tests given to 31,000 eighth-grade pupils in Virginia, the lowest 25 per cent of white pupils had a higher level of attainment than the highest 25 per cent of Negroes.

Another survey was made last year by the National Scholarship Service and Fund for Negro Students. It showed that among States surveyed, less than 3 per cent of the graduates of segregated high schools for Negroes would

(Continued on page 54)

—Phillips from Black Star

ANSWER TIME IN THE CLASSROOM
Will one group slow down the other?



are we squeezing it dry?

The world's consumption of life-giving water is growing at an alarming rate.

In our country alone, the average family uses about 300 gallons daily.

Industry needs billions of gallons more. By 1975 demand is expected to double. Yet the amount of rainfall remains the same. And erosion of moisture-holding soil is a continuing problem.

America's waterworks engineers work tirelessly to assure your family and your business plenty of water. But they need . . . and deserve your help. So use, enjoy Nature's most precious commodity...but conserve water wherever you can. Support the forward-looking plans of your water officials.

Man's most dependable carrier of water—Cast Iron Pipe

Laid 123 years ago this cast iron water main still serves Richmond, Va. Today, Modernized Cast Iron Pipe is even tougher, stronger. Cast Iron's proved record of long, trouble-free service assures greater service...saves tax dollars.

Cast Iron Pipe Research Association, Thos. F. Wolfe, Managing Director, 122 So. Michigan Avenue, Chicago 3.

WATER, your priceless heritage . . . use it . . . enjoy it . . . protect it with

CAST IRON PIPE

CAST IRON

[continued] **MIXED SCHOOLS: LOW STANDARDS?**

qualify for entrance into nonsegregated colleges.

The problem that such statistics presents was discussed recently by C. A. McKnight, executive director of the Southern Education Reporting Service. Mr. McKnight said:

"Not because of any racial characteristic, but because of unequal opportunity beginning at the family level and continuing through the schools, the average Negro child is not so far along educationally as the white child in his same age group.

"The administrator and his teachers already have to cope with the instructional problem growing out of the normal

—USN&WR Photo

THE SUPREME COURT . . . is hearing both sides

classroom division of the less able, the average, and the gifted students.

"If suddenly this division should become heavily weighted at the lower end, new instructional policies would have to be adopted. In fact, the opinion has already been expressed by one noted Southern educator that desegregation may nullify one of the most cherished principles of modern progressive education by restoring the grouping of children according to ability."

But what's proved? Many Negro leaders admit that a difference exists between the educational achievements of Negroes who have spent their lives in segregated schools and the achievements of pupils educated in white schools.

"Of course Negroes are below par in education," said one Negro school official who has promoted integration for

many years. "Nobody denies this. How can you expect anything else when for generations they have been attending inferior schools?"

To him and many other Negro leaders, disparity between white and Negro school levels is a strong argument in favor of integration—not against it.

"These statistics just show what we have always maintained," said one Negro school official. "Under segregation, Negroes have not been getting equality in education. The only way to remedy this situation is to integrate the schools."

Some Negroes concede, also, that, at least temporarily, the adjustment of mixed schools to the achievement standards of the incoming Negro pupils will present a scholastic problem.

"There will be problems in some schools," said a Negro educator. "Such

—Phillips from Black Star

THE MIXED CLASSROOM
. . . may call for new methods

situations will require some special effort, like any other difficult problem.

"But this is not an entirely new problem. Educators have developed techniques for dealing with disparities like this. The problem can be solved. School standards need not be lowered."

The same Mexico, Mo., principal who found a lack of thoroughness of preparation in some Negro pupils observed no lowering of academic standards.

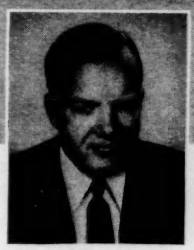
The St. Joseph, Mo., principal who found Negro students "behind" declared:

"We expect no lowering of academic standards. We try to section our students on an ability basis. If the colored group tends to fall in the slow sections, this would not create a problem with the other sections."

A grade-school principal in St. Charles,

(Continued on page 56)

Rockwell Report



by W. F. ROCKWELL, JR.
President
Rockwell Manufacturing Company

RECENTLY ONE OF THESE REPORTS MENTIONED that our Plant Managers are encouraged to take an active part in community affairs. Several people have written to ask why we felt these "extra-curricular" activities were important enough to be made a part of company policy.

Actually, such activities are not extra-curricular at all but are, we feel, part of our business and social responsibility. Good relations with the communities where we have factories benefit everyone. While details of achieving them differ in each community and with each General Manager, there are certain basic fundamentals which are a matter of policy.

For instance, we believe that the core of good community relations are good *employee* relations. When men and women like where they work—they say good things about it at home, to their friends, at their clubs, and in their churches.

But over and above that, we make a sincere effort to show the community, as a whole, that we want to be good neighbors. This means more than just issuing publicity stories. It means (as we mentioned in that previous report) that the General Manager and his staff work with service clubs, the local chamber of commerce, youth organizations, and worthwhile charities—not only by contributing a company check, but also by contributing time and effort. They cooperate with the police and fire chiefs in such projects as safety campaigns.

Such a Community Relations program sounds like a lot of work—but it is rewarding work. A factory on good terms with its employees and its neighbors is usually an efficient plant. And over and above that, there are very worthwhile human dividends in knowing that your neighbors are glad you're among them.

* * *

Rockwell-Nordstrom valves have been known for so many years as the *quality* lubricated plug valves that they are also considered by many people to be high-priced valves. Actually, a comparison of 191 standard valve sizes and types shows that our valves are lower in price than 86% of the competitive valves listed. We have never sold on price, but we have always utilized every practical technological improvement to remove needless manufacturing cost while keeping quality at the highest possible level.

* * *

Our subsidiary, Edward Valves, Inc., offers a concrete example of the degree to which we accept our responsibility to our plant communities. Edward has joined with several other industries in Indiana, and with Purdue University, in a practical and long-range program of community planning aimed at preventing the blight of obsolescence which has settled over so many industrial areas.

* * *

Entries in our Delta Power Tool Division's "Finest Home Workshop" contest, which ends July 15, are exceeding preliminary estimates. This is in spite of the fact that an entry involves both making a snapshot of the contestant's workshop, and the writing of a 150-word statement. The contest is open to owners of three or more Delta Tools, and the first prize (there are fourteen prizes in all) is $1000 worth of additional Delta Tools of the winner's choice.

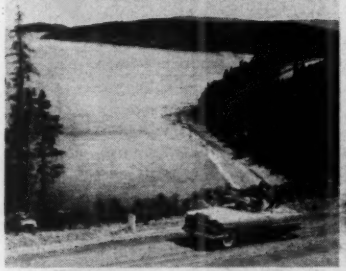
One of a series of informal reports on the operations and growth of the
ROCKWELL MANUFACTURING COMPANY
PITTSBURGH 8, PA.
for its customers, suppliers, employees, stockholders, and other friends

There's room to relax in uncrowded

Canada

VACATIONS UNLIMITED...

Canada offers an unequalled array of *refreshing* vacation settings — tangy seacoasts, cool lakelands, mountains mantled in quiet grandeur, cities rich in old-world charm and modern colour, National Parks world-famed for panoramas of nature's glory. Select the sun-site *you* prefer and enjoy it in *uncrowded* Canada. No passport needed. See your travel or transportation agent soon; send the coupon now.



You'll travel smooth roads through magnificent scenic beauty.

You'll see enthralling, colourful pageants... explore monuments of a memorable history.

01-5-13-55-04

CANADIAN GOVERNMENT TRAVEL BUREAU, OTTAWA, CANADA

Send your NEW 48-page, full-colour book on vacation attractions in all parts of Canada . . . . . ☐

Tell me where 16 mm sound films on Canadian travel subjects are available in the U.S.A. . . ☐

Check √ as required

*Name*_____
(PLEASE PRINT)

*Address*_____

*Town*_____ *State*_____

[*continued*] **MIXED SCHOOLS: LOW STANDARDS?**

Mo., said: "We see no notable difference in the learning ability of Negro or white pupils. We do not observe any possible lowering of academic standards due to integration."

Segregate by IQ? Thurgood Marshall, counsel for the National Association for the Advancement of Colored People, made this answer in the Supreme Court last week to Virginia attorneys' claims that Virginia's Negroes are scholastically below that State's whites: "Put the dumb colored with the dumb white student. Put the smart white student with the smart colored student. It's that simple."

Advocates of integration point to Northern schools that have been integrated for a long time. These schools, they declare, maintain scholastic standards at least as high as the standards of all-white schools in the South.

Negro educators cite intelligence-quotient tests. Although repeated tests consistently show the median scores of Negroes below the scores of whites, these tests also show that Northern Negroes who have been educated in mixed schools consistently score higher than Southern Negroes from segregated schools—and in some instances do better than Southern whites.

Psychologists, in analyzing intelligence-test scores of Negroes, also warn that "these results should be interpreted with caution" because they might reflect other factors than race. IQ scores consistently vary according to the social-economic level of the persons tested, and a greater percentage of Negroes than whites are to be found in the lower social-economic levels. IQ scores of Negroes migrating from segregated areas to the North have been found to rise after a few years of integrated life.

Archibald Robertson, a Virginia attorney appearing before the Supreme Court last week, conceded that segregation might be blamed for some of the educational differences between races.

"I know," he argued, "it may be said: 'That's your fault. You denied them the opportunity; you denied them equality.' We think that's irrelevant in this case. . . . We are saying that, regardless of the cause of it, that's the effect and it must be taken into account."

That there is a problem is now being accepted by school officials, on the basis of experience. Regardless of the cause, Negroes coming from segregated schools are turning out to be behind in educational attainment. Closing this gap will be one of the difficulties. The question is: Can this be done without lowering educational standards?

If you could really see this window!

Even from a picture you can glimpse some of the gracious beauty that storm windows like this can add to your home's appearance. But only seeing an actual window can tell you the full story.

Then you will appreciate all the wonderful, welcome, work-free conveniences built into Aluminum Storm Windows by Eagle-Picher. For example, you'll notice how quickly seasonal change-overs can be made from inside your home . . . and how easily ventilation can be regulated at any season. In Eagle-Picher's precision engineering, you'll admire the draft-free weathertight construction, the rugged durability, the practical modern design.

Best yet, in Eagle-Picher's two complete lines, the "Eagle" brand and the "Orange" brand, you will find aluminum combination storm windows, doors, porch enclosures and jalousies beautifully styled for every home.

Aluminum storm windows are among hundreds of Eagle-Picher products for homes and broadly diversified basic and growth industries.

Divisions and principal products . . . **INSULATION DIVISION**, aluminum combination storm windows and doors, mineral wool insulations, diatomaceous earth products—**OHIO RUBBER COMPANY DIVISION**, molded and extruded rubber products—**PIGMENT DIVISION**, lead and zinc pigments and oxides—**MINING & SMELTING DIVISION**, zinc, lead, germanium, cadmium—**FABRICON PRODUCTS DIVISION**, automotive products, plastics, waxed paper and cellophane food wrappers. *We welcome opportunities to share our research, production and application experience. Just drop us a line.*

Since 1843

EAGLE EP PICHER

EAGLE-PICHER

The Eagle-Picher Company • General Offices: Cincinnati 1, Ohio

DEMOCRACY'S SICKNESS

EDITOR'S NOTE: Is Western democracy declining? Is it failing as a way of government? Is totalitarianism winning in the world-wide struggle of ideologies?

Walter Lippmann raises these questions in a new book entitled "The Public Philosophy."

Mr. Lippmann finds that democracy has slipped a long way in the last half century. He says that democratic governments have failed to cope with the realities of modern life.

Elected governments, Mr. Lippmann charges, are not really governing, but merely trying to appease the voters. He complains: When faced with a hard decision, officials do not do what they think is right, but what they think is popular. They shun the hard answer which is right and take the easy answer, the one most likely to win the favor of the voters—but very likely to be wrong.

The result is described as a disastrous enfeeblement of democratic government that is dangerously near to a breakdown.

Unless this trend of decay is reversed, Mr. Lippmann warns, liberty and democracy are in danger of being engulfed in a rising tide of totalitarianism. It may bring about the fall of the West, he says.

The basic trouble with Western democracy, as Mr. Lippmann diagnoses it, is this: People have drifted away from the principles—he calls them "the traditions of civility"—that are necessary for any people successfully to govern themselves. It is this way of thinking that Mr. Lippmann refers to as "the public philosophy."

If democracy is to survive, he warns, then this public philosophy that fostered the growth of Western democracy must be revived among the people.

In the extracts from the book that are presented here, Mr. Lippmann describes the philosophy that he regards as necessary to the success of democracy and suggests how it may be revived.

Mr. Lippmann is a veteran news analyst and author of many books dealing with government and public affairs. His syndicated column has appeared in many newspapers ever since 1931.

—And a Way To Cure It

By WALTER LIPPMANN

(The complete book, "The Public Philosophy," by Walter Lippmann, is being published by Little, Brown & Company, Boston, in association with the Atlantic Monthly Press. *U. S. News & World Report* has obtained world-wide first serial rights to print extracts from the book. Copyright on the book is held by Walter Lippmann. No part of "The Public Philosophy" in excess of 500 words may be reprinted or used in radio or television broadcasts without written permission of the publishers, Little, Brown & Company.)

Extracts from the book follow:

BOOK ONE: The Decline of the West

CHAPTER I ★ ★ ★ The Obscure Revolution

My Reason for Writing This Book

During the fateful summer of 1938 I began writing a book in an effort to come to terms in my own mind and heart with the mounting disorder in our Western society. I was living in Paris at the time, and I had learned that the decision had been taken which was soon to lead Mr. Chamberlain and Monsieur Daladier to Munich. Little hope remained that another world war could be averted except by abject surrender, and yet there was no sure prospect that France and Great Britain would be able to withstand the onslaught that was coming. They were unprepared, their people were divided and demoralized. The Americans were far away, were determined to be neutral, and were unarmed. I was filled with foreboding that the nations of the Atlantic Community would not prove equal to the challenge, and that, if they failed, we should lose our great traditions of civility,* the liberties Western man had won for himself after centuries of struggle and which were now threatened by the rising tide of barbarity.

I began writing, impelled by the need to make more intelligible to myself the alarming failure of the Western liberal democracies to cope with the realities of this century. I had done a draft of the book when the fall of France made it evident that we, too, must soon be engaged and, moreover, engaged alone if the Battle of Britain was lost.

But at this time the American people were as unprepared in their minds as in their military establishment. Could the democracies be rallied, could they be collected and nerved for the ordeal so that they would be equal to this mortal challenge? They had the superior assets. They had the numbers, the resources, the influence. But did they have the insight, the discipline to persevere, and the resolution to go through with it? Though they had the means, did they also have the will, and did they still know how? A second world war was making up out of the ruins and the failures of the first, and there was nothing to show that the Western democratic governments were in control of their affairs and capable of making the necessary decisions. They were reacting to events and they were not governing them. Could they avoid defeat and conquest without an exhaustion which would rend the fabric of Western society, without enormities of suffering which would alienate the masses of the people,

*Sir Ernest Barker, *Traditions of Civility* (1948). The phrase is from Coventry Patmore.

(Copyright 1955 by Walter Lippmann)

. . . "Something had gone very wrong in the liberal democracies. . . . They were entangled in a vicious circle of wars that led to ever bigger and wider wars. . . . There was no mistaking the decline of the West"

and without resorting to measures of violence which might become inexpiable? They were so very late, and they were becoming engaged in they knew not what. They had refused to take in what they saw, they had refused to believe what they heard, they had wished and they had waited, hoping against hope.

It did not come easily to one who, like myself, had known the soft air of the world before the wars to recognize and acknowledge the sickness of the Western liberal democracies. Yet as we were being drawn unready and unarmed into the second of the great wars, there was no denying, it seemed to me, that there is a deep disorder in our society which comes not from the machinations of our enemies and from the adversities of the human condition but from within ourselves. I was one of a large company who felt that way. Never doubting that the utmost resistance was imperative and that defeat would be irreparable and intolerable, they were a company who knew in their hearts that by total war our world could not be made safe for democracy nor for the four freedoms. We were, I had come to see, not wounded but sick, and because we were failing to bring order and peace to the world, we were beset by those who believed they have been chosen to succeed us.

1917: The Revolutionary Year

In December 1941 I put the manuscript away, knowing that so much was going to happen to the world and to me that if ever I went back to the book, it would be to start all over again. When I did come back to it after the war, the foreboding which had inspired it was in a terrible measure realized. Something had gone very wrong in the liberal democracies. They had, to be sure, defeated their enemies. They had avoided defeat and subjection. But they were unable to make peace and to restore order. For the second time in a generation they had failed to prevent a ruinous war, they had been unwilling to prepare themselves to wage the war, and when at long last and at exorbitant cost they had managed to defeat their enemies, they had been unable to make peace out of their victories. They were entangled in a vicious circle of wars that led to ever bigger and wider wars. Could it be denied that they were sick with some kind of incapacity to cope with reality, to govern their affairs, to defend their vital interests and, it might be, to insure their survival as free and democratic states?

There was no mistaking the decline of the West. Thirty years after Wilson had proclaimed a world at peace under democratic governments, the North Atlantic democracies were preoccupied with the defense of western Europe and the fringes of the Eurasian continent. In less than half a century it had come to that. In 1900 men everywhere on earth had acknowledged, even when they resented, the primacy of the Western nations. They were the recognized leaders in the progress of mankind, and it was taken as axiomatic that the question was when, and not whether, the less advanced people would have learned how to use the Western technology, to hold free elections, to respect the Bill of Rights and to live by its political philosophy. Until 1917 the model for a new government anywhere in the world, even in Russia, was liberal democracy in the British, the French, or the American style.

But by the end of 1920 things had taken a sharp turn. Lord Bryce was then finishing his Modern Democracies, and though he still wrote in the prewar manner that democracy was spreading and that the number of democracies in the world had doubled within fifteen years, he had seen the warning signs and he was troubled. It might not be "really helpful to the younger generation," he wrote in the preface, but he could not "repress the pessimism of experience." He had to say that "although democracy has spread, and although no country that has tried it shows any signs of forsaking it, we are not yet entitled to hold with the men of 1789 that it is the natural and, therefore, in the long run, the inevitable form of government. Much has happened since the rising sun of liberty dazzled the eyes of the States-General at Versailles. Popular government has not yet been proved to guarantee, always and everywhere, good government. If it be improbable, yet it is not unthinkable that, as in many countries impatience with tangible evils substituted democracy for monarchy or oligarchy, a like impatience might someday reverse the process."

Three years later Mussolini marched on Rome, and Italy became the first of the bigger democracies "to reverse the process." In retrospect we can now see that what Lord Bryce, writing at the end of the First World War, thought was the pessimism of experience was in fact the intuition of a sensitive and knowing observer. He had felt in his bones, being too close to the event to perceive it, that a fundamental change in the prospects of democracy was in the making.

There had occurred, I now believe, an unrecognized revolution within the democratic states. By the third year of the First World War the cumulative losses had become so exorbitant that the institutional order of all the belligerents gave way under the stress and strain. The war had become, in Ferrero's telling phrase, hyperbolic, and the prewar governments were incapable of imposing such unlimited drafts upon the endurance and the loyalties of the people. In the defeated countries the price of this was revolution against the established order. The Romanoff, the Hohenzollern, the Hapsburg and the Ottoman Empires collapsed. In the victorious countries institutions were not overthrown, rulers were not exiled, imprisoned or executed. But the constitutional order was altered subtly and yet radically, within itself.

Internal Revolution in the Democracies

A vigorous critic of democracy, Sir Henry Maine, writing in 1884 just as England was about to adopt general manhood suffrage, observed that "there could be no grosser mistake" than the impression that "Democracy differs from Monarchy in essence." For "the tests of success in the performance of the necessary and natural duties of a government are precisely the same in both cases." These natural and necessary duties have to do with the defense and advancement abroad of the vital interests of the state and with its order, security, and solvency at home. Invariably these duties call for hard decisions. They are hard because the governors of the state must tax, conscript, command, prohibit; they must assert a public interest against private inclination and against what is easy and popular. If they are to do their duty, they must often swim against the tides of private feeling.

The hardness of governing was little realized in the early 1900's. For more than half a century, while democracy was

. . . "The liberals became habituated to the notion that in a free and progressive society it is a good thing that the government should be weak"

making its historic advance, there had been a remarkable interlude during which the governments rarely had to make hard decisions. Since Waterloo there had been no world war, and after the American Civil War only a few short and localized wars. It was a time of expansion, development, liberation; there were new continents to be colonized and there was a new industrial system to be developed. It seemed as though mankind had outlived the tempests of history. The governments—which were increasingly democratic, liberal and humane—were spared the necessity of dealing with the hard issues of war and peace, of security and solvency, of constitutional order and revolution. They could be concerned with improvements, with the more and more and the better and better. Life was secure, liberty was assured, and the way was open to the pursuit of private happiness.

In this long peace, the liberals became habituated to the notion that in a free and progressive society it is a good thing that the government should be weak. For several generations the West had flourished under governments that did not have to prove their strength by making the hard decisions. It had been possible to dream, without being rudely awakened, that in the rivalry of the diverse interests all would somehow come out for the best. The government could normally be neutral and for the most part it could avoid making positive judgments of good and bad and of right and wrong. The public interest could be equated with that which was revealed in election returns, in sales reports, balance sheets, circulation figures, and statistics of expansion. As long as peace could be taken for granted, the public good could be thought of as being immanent in the aggregate of private transactions. There was no need for a governing power which transcended the particular interests and kept them in order by ruling over them.

All this was only, as we now know, a daydream during a brief spell of exceptionally fine weather. The dream ended with the outbreak of the First World War. Then we knew that the Age of Progress had not reformed the human condition of diversity and conflict; it had not mitigated the violence of the struggle for survival and domination.

In fact, the violence was intensified and extended as never before. The expansion and development during the peaceful decades had wrought, as Graham Wallas pointed out on the eve of the war, "a general change of social scale," and that change of scale had revolutionary consequences. The forty years which separated the Franco-Prussian War from the First World War were, says John U. Nef, "in terms of material welfare . . . the most successful years in history . . . In little more than one generation the world's population grew by almost as much as it had grown during the untold generations which separate Adam, the first man, from Newton, the first man of science of the seventeenth century. According to the enterprising calculations of Colin Clark, the real income per person gainfully employed improved 75 per cent or more from 1870 to 1914, while the hours of work were substantially reduced in the wealthier countries of Western Europe . . . and in North America."

Because of the increase in the population, in the volume of production, and in the destructiveness of weapons, the war which brought to an end the Age of Progress had, says Nef, "none of the limiting features of the warfare which had been characteristic of Newton's age. Europe could now afford enormous armies, could replenish and supply them again while the fighting proceeded. More money was needed to kill than ever before, but the money required turned out to be small in comparison with the money that could be raised (with the help of refined advances in the use and manipulation of credit), and in relation to the quantity of munitions which money and credit could buy." All this meant that when war broke out again, the advanced nations had become, as Nickerson says, "capable of sacrifices so irrationally great that the bleeding victor would faint upon the corpse of his victim."*

The strain of the war worked up a menacing popular pressure upon the weak governments. We can, I think, point to 1917 as the year when the pressure became so strong that the institutional framework of the established governments broke under it.

The strain became unbearable. 1917 was the year of the two Russian revolutions. It was the year of the American involvement which brought with it the declaration of the Wilsonian principles. For Italy it was the year of Caporetto. For Austria-Hungary it was the beginning of the end under the successor of Francis Joseph. For Germany it was the year of the July crisis and of the need of the Prussian monarchy to listen to the Reichstag and its demand for a negotiated peace. For France it was the year of the mutinies, and for Britain the year of mortal peril from the submarine. In eastern and central Europe tortured and infuriated masses brought down the historic states and the institutions of the old regime. In western Europe and in North America the breakthrough took the form—if I may use the term—of a deep and pervasive infiltration. Behind the façade, which was little changed, the old structure of executive government with the consent of a representative assembly was dismantled—not everywhere and not in all fields, but where it mattered the most—in the making of high policy for war and peace.

The existing governments had exhausted their imperium—their authority to bind and their power to command. With their traditional means they were no longer able to carry on the hyperbolic war; yet they were unable to negotiate peace. They had, therefore, to turn to the people. They had to ask still greater exertions and sacrifices. They obtained them by "democratizing" the conduct and the aims of the war: by pursuing total victory and by promising total peace.

In substance they ceded the executive power of decision over the strategical and the political conditions for concluding the war. In effect they lost control of the war. This revolution appeared to be a cession of power to the representative assemblies, and when it happened it was acclaimed as promising the end of the evils of secret diplomacy and the undemocratic conduct of unpopular wars. In fact, the powers which were ceded by the executive passed through the assemblies, which could not exercise them, to the mass of voters who, though unable also to exercise them, passed them on to the party bosses, the agents of pressure groups, and the magnates of the new media of mass communications.

The consequences were disastrous and revolutionary. The democracies became incapacitated to wage war for rational

*"In the military massacres of 1914-1915-1916 the French had lost permanently over 900,000 men, the British about half that number, and the Germans well over 800,000 . . the Russians had mobilized 12,000,000 men and of them at least four million are presumed to have died, another 2,500,000 had become prisoners or were missing and an additional million were seriously wounded." Hoffman Nickerson, *The Armed Horde* (1940), pp. 292-294.

. . . "Where mass opinion dominates the government, there is a morbid derangement of the true functions of power"

ends and to make a peace which would be observed or could be enforced.

The Paralysis of Governments

Perhaps, before going any further, I should say that I am a liberal democrat and have no wish to disenfranchise my fellow citizens. My hope is that both liberty and democracy can be preserved before the one destroys the other. Whether this can be done is the question of our time, what with more than half the world denying and despairing of it. Of one thing we may be sure. If it is to be done at all, we must be uninhibited in our examination of our condition. And since our condition is manifestly connected with grave errors in war and peace that have been committed by democratic governments, we must adopt the habit of thinking as plainly about the sovereign people as we do about the politicians they elect. It will not do to think poorly of the politicians and to talk with bated breath about the voters. No more than the kings before them should the people be hedged with divinity. Like all princes and rulers, like all sovereigns, they are ill-served by flattery and adulation. And they are betrayed by the servile hypocrisy which tells them that what is true and what is false, what is right and what is wrong, can be determined by their votes.

If I am right in what I have been saying, there has developed in this century a functional derangement of the relationship between the mass of the people and the government. The people have acquired power which they are incapable of exercising, and the governments they elect have lost powers which they must recover if they are to govern. What then are the true boundaries of the people's power? The answer cannot be simple. But for a rough beginning let us say that the people are able to give and to withhold their consent to being governed—their consent to what the government asks of them, proposes to them, and has done in the conduct of their affairs. They can elect the government. They can remove it. They can approve or disapprove its performance. But they cannot administer the government. They cannot themselves perform. They cannot normally initiate and propose the necessary legislation. A mass cannot govern. The people, as Jefferson said, are not "qualified to exercise themselves the Executive Department; but they are qualified to name the person who shall exercise it . . . They are not qualified to legislate; with us therefore they only choose the legislators."

Where mass opinion dominates the government, there is a morbid derangement of the true functions of power. The derangement brings about the enfeeblement, verging on paralysis, of the capacity to govern. This breakdown in the constitutional order is the cause of the precipitate and catastrophic decline of Western society. It may, if it cannot be arrested and reversed, bring about the fall of the West.

The propensity to this derangement and the vulnerability of our society to it have a long and complex history. Yet the more I have brooded upon the events which I have lived through myself, the more astounding and significant does it seem that the decline of the power and influence and self-confidence of the Western democracies has been so steep and so sudden. We have fallen far in a short span of time. However long the underlying erosion had been going on, we were still a great and powerful and flourishing community when the First World War began. What we have seen is not only decay—though much of the old structure was dissolving—but something which can be called an historic catastrophe.

CHAPTER II ★ ★ ★ The Malady of Democratic States

Public Opinion in War and Peace

Writing in 1913, just before the outbreak of the war, and having in mind Queen Victoria and King Edward the VII, Sir Harry Johnston thus described how foreign affairs were conducted in the nineteenth century:

> In those days, a country's relations with its neighbors or with distant lands were dealt with almost exclusively by the head of the State—Emperor, King, or President—acting with the more-or-less dependent Minister-of-State, who was no representative of the masses, but the employé of the Monarch. Events were prepared and sprung on a submissive, a confident, or a stupid people. The public Press criticized, more often applauded, but had at most to deal with a *fait accompli* and make the best of it. Occasionally, in our own land, a statesman, out of office and discontented, went round the great provincial towns agitating against the trend of British foreign policy—perhaps wisely, perhaps unfairly, we do not yet know—and scored a slight success. But once in office, his Cabinet fell in by degrees with the views of the Sovereign and the permanent officials (after the fifties of the last century these public servants were a factor of ever-growing importance); and, as before, the foreign policy of the Empire was shaped by a small camarilla consisting of the Sovereign, two Cabinet Ministers, the permanent Under-Secretary of State for Foreign Affairs, and perhaps one representative of *la plus haute finance*.

Without taking it too literally, this is a fair description of how foreign affairs were conducted before the First World War. There were exceptions. The Aberdeen government, for example, was overthrown in 1855 because of its inefficient conduct of the Crimean War. But generally speaking, the elected parliaments were little consulted in the deliberations which led up to war, or on the high strategy of the war, on the terms of the armistice, on the conditions of peace. Even their right to be informed was severely limited, and the principle of the system was, one might say, that war and peace were the business of the executive department. The power of decision was not in, was not even shared with, the House of Commons, the Chamber of Deputies, the Reichstag.

The United States was, of course, a special case. The Congress has always had constitutional rights to advise and to be consulted in the declaration of war and in the ratification of treaties. But at the time I am talking about, that is to say before the First World War broke out, it was American policy

(Continued on page 64)

LCL or 33 cars...

Whatever the load . . . let Western Maryland take it off your mind

Shipping problems come in all sizes.

So do shovels. Like the 1,735,000 pound Marion Power Shovel recently dispatched . . . via Western Maryland Railway . . . for a mining job in Brazil.

It was picked up in Marion, Ohio, and we saw it safely aboard the Moore-McCormack cargo liner *Mormacdove* at Baltimore . . . the largest shipment of its kind ever made through any port.

It took all of 33 gondola cars to move the 190 separate pieces that make up the shovel. A 65 ft. boom. A 56,000-pound motor-generator set. A 33,000-pound dipper. Two 48,000-pound pieces of upper frame. A variety of girders weighing up to 42,000 pounds each. And all the other giant components.

You can see why a load like this needs careful personal attention and railroad know-how. It needs sturdy cars. And heavy, well-built track . . . on well-tended roadbed . . . to carry them.

Western Maryland is accustomed to handling king-size loads. But a great deal of our business also comes in less than carload shipments. For Western Maryland is the direct "center link" in several of the fastest routes between the Atlantic Seaboard and the Middle West.

If you import, or export, goods of any sort . . . LCL or 33 carloads . . . learn about the special advantages of the great Port of Baltimore. And, particularly, about Port Covington, deep-water terminal of the Western Maryland Railway.

WESTERN MARYLAND RAILWAY —"Short Cut for Fast Freight"

St. Paul Place, Baltimore 2, Md.

. . . "Mass opinion has acquired mounting power in this century. It has shown itself to be a dangerous master of decisions when the stakes are life and death"

to abstain from the role of a great power, and to limit its sphere of vital interests to the Western Hemisphere and the North Pacific Ocean. Only in 1917 did the American constitutional system for dealing with foreign affairs become involved with the conduct of world affairs.

For the reasons which I outlined in the first chapter this system of executive responsibility broke down during the war, and from 1917 on the conduct of the war and then the conditions of the armistice and the peace were subjected to the dominating impact of mass opinions.

Saying this does not mean that the great mass of the people have had strong opinions about the whole range of complex issues which were before the military staffs and the foreign offices. The action of mass opinion has not been, and in the nature of things could not be, continuous through the successive phases in which affairs develop. Action has been discontinuous. Usually it has been a massive negative imposed at critical junctures when a new general course of policy needed to be set. There have, of course, been periods of apathy and of indifference. But democratic politicians have preferred to shun foresight about troublesome changes to come, knowing that the massive veto was latent, and that it would be expensive to them and to their party if they provoked it.

In the winter of 1918-1919, for example, Lloyd George, Clemenceau, Wilson and Orlando were at a critical juncture of modern history. The Germans were defeated, their government was overthrown, their troops disarmed and disbanded. The Allies were called upon to decide whether they would dictate a punitive peace or would negotiate a peace of reconciliation.

In the Thirties the British and the French governments had to decide whether to rearm and to take concerted measures to contain Hitler and Mussolini or whether to remain unarmed and to appease them. The United States had to decide whether to arm in order to contain the Japanese or to negotiate with them at the expense of China.

During the Second World War the British and the American governments had again to make the choice between total victory with unconditional surrender and negotiated settlements whose end was reconciliation.

These were momentous issues, like choosing at the fork of the road a way from which there is no turning back: whether to arm or not to arm—whether, as a conflict blows up, to intervene or to withdraw—whether in war to fight for the unconditional surrender of the adversary or for his reconciliation. The issues are so momentous that public feeling quickly becomes incandescent to them. But they can be answered with the only words that a great mass *qua* mass can speak—with a Yes or a No.

Experience since 1917 indicates that in matters of war and peace the popular answer in the democracies is likely to be No. For everything connected with war has become dangerous, painful, disagreeable and exhausting to very nearly everyone. The rule to which there are few exceptions—the acceptance of the Marshall Plan is one of them—is that at the critical junctures, when the stakes are high, the prevailing mass opinion will impose what amounts to a veto upon changing the course on which the government is at the time proceeding. Prepare for war in time of peace? No. It is bad to raise taxes, to unbalance the budget, to take men away from their schools or their jobs, to provoke the enemy. Intervene in a developing conflict? No. Avoid the risk of war. Withdraw from the area of the conflict? No. The adversary must not be appeased. Reduce your claims on the area? No. Righteousness cannot be compromised. Negotiate a compromise peace as soon as the opportunity presents itself? No. The aggressor must be punished. Remain armed to enforce the dictated settlement? No. The war is over.

The unhappy truth is that the prevailing public opinion has been destructively wrong at the critical junctures. The people have imposed a veto upon the judgments of informed and responsible officials. They have compelled the governments, which usually knew what would have been wiser, or was necessary, or was more expedient, to be too late with too little, or too long with too much, too pacifist in peace and too bellicose in war, too neutralist or appeasing in negotiation or too intransigent. Mass opinion has acquired mounting power in this century. It has shown itself to be a dangerous master of decisions when the stakes are life and death.

The Compulsion to Make Mistakes

The errors of public opinion in these matters have a common characteristic. The movement of opinion is slower than the movement of events. Because of that, the cycle of subjective sentiments on war and peace is usually out of gear with the cycle of objective developments. Just because they are mass opinions there is an inertia in them. It takes much longer to change many minds than to change a few. It takes time to inform and to persuade and to arouse large scattered varied multitudes of persons. So before the multitude have caught up with the old events there are likely to be new ones coming up over the horizon with which the government should be preparing to deal. But the majority will be more aware of what they have just caught up with near at hand than with what is still distant and in the future. For these reasons the propensity to say No to a change of course sets up a compulsion to make mistakes. The opinion deals with a situation which no longer exists.

When the world wars came, the people of the liberal democracies could not be aroused to the exertions and the sacrifices of the struggle until they had been frightened by the opening disasters, had been incited to passionate hatred, and had become intoxicated with unlimited hope. To overcome this inertia the enemy had to be portrayed as evil incarnate, as absolute and congenital wickedness. The people wanted to be told that when this particular enemy had been forced to unconditional surrender, they would re-enter the golden age. This unique war would end all wars. This last war would make the world safe for democracy. This crusade would make the whole world a democracy.

As a result of this impassioned nonsense public opinion became so envenomed that the people would not countenance a workable peace; they were against any public man who showed "any tenderness for the Hun," or was inclined to listen to the "Hun food snivel."

The Pattern of the Mistakes

In order to see in its true perspective what happened, we must remember that at the end of the First World War the only victorious powers were the liberal democracies of the

(Continued on page 138)

THESE 3 SUN GREASES WILL DO 95% OF YOUR GREASE LUBRICATION JOBS

—save you the cost and trouble of stocking a large number of "special purpose" greases

FIBROUS • Sun Grease 844X

Has exceptional oxidation stability under high temperature conditions. Recommended for all antifriction bearings. A general-purpose, high melting point lubricant for pressure gun and grease cup application.

BUTTERY • Sun Grease 300A

Especially designed for pressure lubrication of bearings operated at normal speeds and temperatures. Can be used in pressure guns, compression grease cups, or pressure lubrication systems. Has high water resistance and excellent pumpability at low temperatures.

TACKY • Sun Grease 897

For open gears, chains, slides, cams, linkages and bearings. Used whenever "throw-off" must be avoided. High adhesive and cohesive characteristics. An excellent lubricant that is water resistant and does not need frequent application.

Of the 81 different Sun greases, these three can fill the vast majority of your needs. And lubrication simplification like this means worth-while economies for you in several directions. You can reduce the total amount of money you need to "invest" in lubricants. You can greatly lighten the housekeeping job of storing and handling your greases. And you can reduce the confusion and risk of error often created when personnel are required to choose from a large number of greases.

For lubrication points that do require special kinds, Sun offers a total of 78 other greases with a wide range of properties and characteristics.

Find out just how much you can economize by using Sun lubricants. Call in your Sun representative. Or write for information. Dept US-4.

INDUSTRIAL PRODUCTS DEPARTMENT

SUN OIL COMPANY

SUNOCO®

PHILADELPHIA 3, PA. • SUN OIL COMPANY LTD., TORONTO & MONTREAL

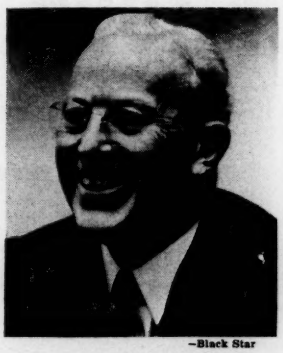
Refiners of famous High-Test Blue Sunoco Gasoline

THE MAN ... Earl Warren

THE NEWS ... "No" Is the Answer

Chief Justice Leaves The Field to Eisenhower

Just in case Ike might not run again—Republican leaders were setting out to build Chief Justice Warren up for the nomination. But he declines, firmly, leaving a tangled situation.



—Black Star

REPUBLICAN LEADERS for weeks had nursed the idea that—if President Eisenhower declines to run again—they would find a strong and available 1956 candidate in Earl Warren, Chief Justice of the United States.

They were none too happy about raiding the Supreme Court for their nominee, but that had become a matter of political necessity. Looking over the field, these leaders could find, aside from Mr. Eisenhower and Mr. Warren, no candidate with a likely prospect of carrying the party to victory.

Gallup Polls were encouraging. One such survey reported that Republican voters would prefer Mr. Warren to all other possible nominees, except the President. Another, a general poll, found the Chief Justice running even with Adlai E. Stevenson, now generally considered the most probable Democratic candidate.

The Warren build-up was just beginning, publicly. And then the Chief Justice abruptly and emphatically pricked and largely deflated their trial balloon. He issued an emphatic statement saying he would not run and would not change his mind about it. You will find the full text of the statement on this page.

This development left a fluid situation for Republican leaders. As a result of Mr. Warren's withdrawal:

Consequences. Party leaders will redouble their pressures upon President Eisenhower to seek a second term, regardless of his health, or that of Mrs. Eisenhower, or his own personal inclinations. What these leaders want, first of all, is a winner.

The presidential prospects of Vice President Richard M. Nixon are considered much enhanced. At the President's insistence, Mr. Nixon has participated in the making of all foreign and domestic policies, has been kept thoroughly informed so that he might take over smoothly in case of emergency.

Some think that, if Mr. Eisenhower steps aside, he might indicate a preference for Mr. Nixon as his successor. That might be a clincher, because Eisenhower forces are to be in clear command at the 1956 Republican Convention.

Without some such indication by the President, a free-for-all fight for the nomination probably would develop. This would bring Mr. Nixon into conflict with his fellow Californian, Senator William F. Knowland, first of all. And, importantly, they would have to fight it out for control of the California delegation. In that State, Mr. Knowland is an organization leader. Mr. Nixon came up independently.

Political observers would expect, too, a renewal of the conflict between the "progressive moderates," Mr. Eisenhower's term for his followers in the party, and the more "conservative" wing that once looked to Robert A. Taft for leadership.

The "conservatives" would be expected to back Mr. Knowland. Although

(Continued on page 68)

Mr. Warren Rules Out Politics . . .

Following is the full text of a statement issued by Chief Justice Earl Warren on April 15, 1955:

My name has been used as a possible candidate for the Presidency. This has been a matter of embarrassment to me because it reflects upon the performance of my duties as Chief Justice of the United States.

When I accepted that position, it was with the fixed purpose of leaving politics permanently for service on the Court. That is still my purpose. It is irrevocable. I will not change it under any circumstances or conditions.

Be they many or few, the remaining useful years of my life are dedicated to the service of the Supreme Court of the United States, in which work I am increasingly happy.

puzzled

about a new industrial location?

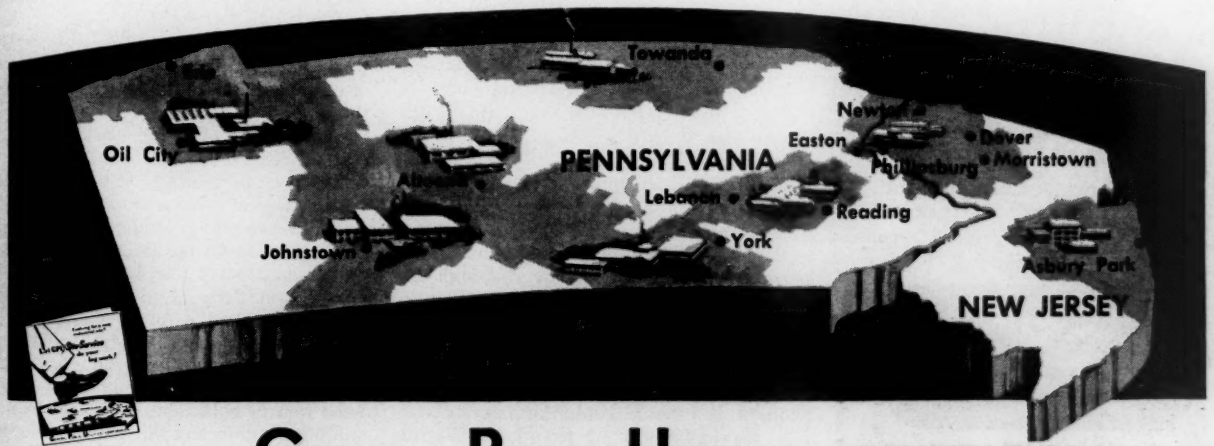
GPU *Site-Service*

offers one central source of site information for nearly half of Pennsylvania and New Jersey

One call or letter solves your problem. *Site-Service* forwards pictures, plans and specifications on selected sites and buildings. You receive detailed reports on water, labor, utilities and other services. A staff of industrial development men is available to do your leg work; to help you make local contacts. Take advantage of this free, confidential service. Let *Site-Service* supply the answers on the best sites in GPU Pennsylvania and New Jersey. It's an area made up of hundreds of small, uncongested communities within overnight shipping distance to one-third of the nation's population.

GPU ELECTRIC POWER COMPANIES

Metropolitan Edison Co.
Pennsylvania Electric Co.
New Jersey Power & Light Co.
Jersey Central Power & Light Co.
Northern Pennsylvania Power Co.



For free brochure and detailed map write
SITE-SERVICE,
Dept. WR-2

GENERAL PUBLIC UTILITIES CORPORATION

AND SUBSIDIARY ELECTRIC POWER COMPANIES

67 Broad Street, New York 4, N. Y. • Telephone WHitehall 3-5600

Where there's a picture – you see DUREZ

with some properties your products might use

The remarkable combination of properties that has made Durez almost a synonym for plastics in photographic equipment may help you improve whatever you make — or plan to make.

Camera bodies, viewers, and other parts are molded of a Durez phenolic because it is strong, rigid, stable, and photographically inert. It often reduces assembly and finishing costs . . . looks "like new" after years of use.

In film loaders the dimensional stability of Durez permits safe operation in daylight. Its corrosion resistance is the main factor in flash holders.

For your product you can pick from scores of Durez molding compounds to get just the right combination of properties. See your molder — or write us.

Durez Plastics & Chemicals, Inc., 904 Walck Road, North Tonawanda, N. Y.
Export Agent: Omni Products Corporation, 464 Fourth Avenue, New York 16, N. Y.

DUREZ

PHENOLIC PLASTICS THAT FIT TODAY'S PRODUCTS for the new Competitive Era

Party leaders look for loophole in Warren statement . . .

he has supported most Eisenhower legislation in the domestic field, Senator Knowland has criticized Far Eastern policy repeatedly.

All this is what the party leaders had sought to avoid by starting a movement to draft Mr. Warren, just in case the President should decide that one term is enough. And, they still are looking for loopholes in the Warren statement.

Words and history. They find Mr. Warren's words considerably more emphatic than Calvin Coolidge's "I do not choose to run for President in 1928." It often has been argued that Mr. Coolidge actually was available for renomination. And they see Mr. Warren's statement as somewhat less final than the famous assertion of Gen. William Tecumseh Sherman in 1884:

"I will not accept if nominated, and will not serve if elected."

So, some Republican leaders have not altogether given up hope that, if needed, Mr. Warren, despite his words, might yield to the tremendous pressures under which he would find himself. If he should do so, that would be making history.

In the nation's formative years, John Jay, the very first Chief Justice, quit the Supreme Court to become Governor of New York. Since then, no Chief Justice has left the bench to seek political office. The only modern parallel is the case of Charles Evans Hughes, who was drafted for the Republican presidential nomination in 1916 and lost to Woodrow Wilson. But, in this case, it was an Associate Justice who was drafted, not the Chief Justice.

Why Warren? The Republican leadership's hope that Mr. Warren might fill the gap that would be left by the withdrawal of President Eisenhower stems from several causes.

The Chief Justice is from California, the nation's second-largest State. He is highly popular with the voters there, has won four State-wide elections and is the only man ever elected to three terms as Governor of that State. It was in recognition of California's importance that the party nominated him for the Vice Presidency in 1948 and Mr. Nixon in 1952.

Mr. Warren commands the high respect of President Eisenhower. When in politics, the Chief Justice was part of the Republican "liberal" wing. His economic ideas are interpreted as following the middle-of-the-road pattern that the President says should guide the party.

On the basis of this record, Mr. Warren would fit neatly into the strategy of the party's national leaders. They hope to win by combining the votes of registered Republicans with those of the so-called independents, often registered as Democrats. This combination was in back of Mr. Warren's repeated California victories. Political observers would expect him to attract independent votes nationally, as well. In addition, labor unions have supported him in the past.

For the rest, Mr. Warren is a big, imposing man, friendly and unexcitable, an easy and gracious speaker. His age, which will be 65 by election time next year, might be held against him. He is, however, in rugged good health. But, along with these assets, he also would have some disadvantages as a campaigner.

The Southern and Border States that went to Mr. Eisenhower in 1952 probably would be lost, because Mr. Warren, himself, wrote the opinion that went with the Supreme Court's decision invalidating racial segregation in public schools. Right now, the Court, with Mr. Warren presiding, is working out methods for making the decision effective. Whatever is done, the Warren name is scarcely likely to be a vote getter in the South.

There also is a situation in the Republican Party itself. The "conservative" element would be expected to oppose vehemently any proposal that Mr. Warren be nominated.

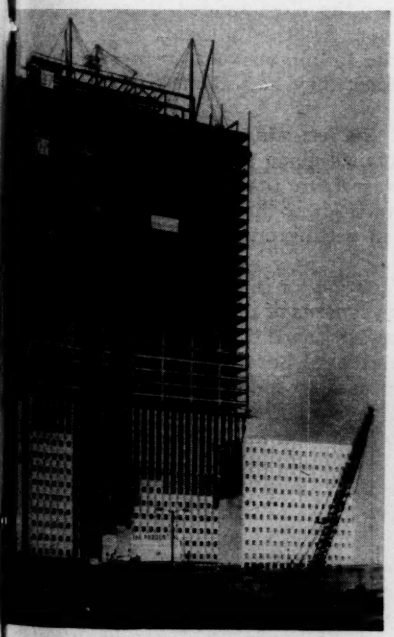
Man in the middle. Mr. Warren, at the center of all this hubbub, can look back on a long and highly successful career, all of it spent in public office. He worked his way to a law degree and went into the Alameda County prosecuting attorney's office. There he rose to district attorney, got a reputation as a "racket buster" and went on to become State Attorney General and Governor. President Eisenhower appointed him Chief Justice in 1953.

Mr. Warren threw himself into the work of the Court, has written his share of opinions. These have been praised for their clarity and avoidance of legal mumbo jumbo. He likes the work, wants to stay where he is. But, more than anything else, he wants to keep the Court out of politics, avoid a situation in which decisions would be studied in the light of their effect on the political futures of any of the Court's members.

Some politicians wonder whether Mr. Eisenhower, and Attorney General Herbert Brownell, in appointing Mr. Warren to the Court, gave any thought to the possibility that the party one day might need him in politics again. Party leaders still hope and expect Mr. Eisenhower will run again. If he refuses, they still may try to draft Mr. Warren. But, if that does not work, they see the party facing an uncertain future.

Only STEEL can do so many jobs so well

Pioneer Zephyr. Remember 1934 when the Burlington Zephyr made its famous Denver to Chicago run? It maintained an average speed of 77.61 mph, an unprecedented feat at the time. This train is still in service after 20 years, and it has rolled up an awesome 2.8 million mile record. The Stainless Steel exterior is as bright and gleaming as the day it was built.



Thirty-one Thousand Tons Of Steel went into the framework of this Prudential Life Insurance Company building in Chicago. Every pound of steel in the 600-foot skeleton was fabricated and erected by United States Steel.

Sleep Of The Innocent. No one can sleep with the warm, untroubled peacefulness of a baby. To an insomniac, a deep sleep is the greatest luxury on earth. And mark this: the softest thing you can sleep on is steel. USS Premier Spring Wire is especially made for a good night's rest, and you'll find it in the most famous brands of mattresses.

SEE THE UNITED STATES STEEL HOUR. It's a full-hour TV program presented every other week by United States Steel. Consult your local newspaper for time and station.

Liquid Fertilizer is applied six inches underground with this machine and it doesn't even disturb the sod. Of all the nitrogen used as fertilizer, last year 20% was applied as liquid anhydrous ammonia. United States Steel supplied the steel for this fertilizer spreader.

MANUFACTURED FROM USS STEEL UNITED STATES STEEL

This trade-mark is your guide to quality steel

UNITED STATES STEEL

For further information on any product mentioned in this advertisement, write United States Steel, 525 William Penn Place, Pittsburgh, Pa.

AMERICAN BRIDGE . . AMERICAN STEEL & WIRE and CYCLONE FENCE . . COLUMBIA-GENEVA STEEL . . CONSOLIDATED WESTERN STEEL . . GERRARD STEEL STRAPPING . . NATIONAL TUBE
OIL WELL SUPPLY . . TENNESSEE COAL & IRON . . UNITED STATES STEEL PRODUCTS . . UNITED STATES STEEL SUPPLY . . *Divisions of* UNITED STATES STEEL CORPORATION, PITTSBURGH
UNITED STATES STEEL HOMES, INC. • UNION SUPPLY COMPANY • UNITED STATES STEEL EXPORT COMPANY • UNIVERSAL ATLAS CEMENT COMPANY 5-411-A

Interview with PREMIER OF ITALY

Mario Scelba

THE FIGHT AGAINST COMMUNISM IN ITALY

In Italy one voter in three goes along with the Communists, yet—

- **The Italians favor rearming Germany.**
- **Italy plays a key role in Western defense.**
- **The party line gets nowhere with the Government in Rome. There's a crackdown on the Communists to keep them in check.**

Where do the Reds get their strength? How can a Catholic vote Communist? Why not outlaw the party once and for all?

Premier Scelba gives the answers in an interview held in the conference room of *U. S. News & World Report* just before his return to Italy after a recent visit to the U. S.

Q *How do you feel, Mr. Premier, about the prospects of peace in the world? Sir Winston Churchill said that he thought there was a friendly turn—a turn toward peace. Do you think we are on the verge of a big war in the next few years?*

A I feel there is great pressure by all peoples today for an easing of international tension. This is certainly a favorable element in the trend toward peace.

Q *Can we accomplish much in the future by further conferences between East and West?*

A Past experience would suggest that we could not. But I do not think we should abandon any opportunity, nor spare any effort, to go ahead and see what we can do in this direction.

Q *What do you think is the attitude of the Italian people regarding this pressure for international conferences?*

A I think public opinion in Italy is like that of all other peoples. I refer, of course, to public opinion in general and not to the so-called "opinion" of those who follow the Moscow line.

Q *Are the Communists in Italy pressing for conferences?*

A The Italian Communists, like the Communists in other countries, just follow the Moscow line wherever it takes them. Once it was said by Moscow that Western European Union would make it impossible to have any conference with Moscow. Now we have Western European Union all ratified by France and Italy—and now there is a new Moscow line. Italian Communists now want a four-power conference after all, thus abandoning the old line.

Q *What is the reason? Do they think that they will accomplish more by conference than they can get any other way?*

A I think their objective is propaganda. They want to weaken the psychological resistance of public opinion. As long as they can keep the West divided, there will be no real easing of tension. That suits them.

Q *How strong is the Communist Party in Italy?*

A In the last elections, they had about one third of the total vote.

Q *Does that count the left-wing Socialist vote?*

A Yes. The Communists alone are 22 per cent.

Q *Isn't that the lowest figure that they have reached?*

A Certainly it is much lower than the portion of the vote they succeeded in getting on the second of June, 1946.

Q *Is there any explanation for it?*

A One of the reasons consists of the split, or rift, in the ranks of the Communists and their fellow travelers brought about by [Giuseppe] Saragat, who is a Democratic Socialist. He refused to follow the Moscow line.

Q *Hasn't your Government instituted a number of anti-Communist measures? How have they worked out?*

A These measures are within the framework of legislation which is the most liberal in the world. This notwithstanding, they have achieved some positive results.

Q *To what extent has aid from the Marshall Plan and other American contributions helped to reduce the influence of Communism in Italy?*

A If there hadn't been Marshall aid, we probably should have had a complete collapse of the Italian economy, and, of course, conquest of power by the Communists.

Q *In America, some are puzzled as to why you allow a Communist Party to exist in Italy, where in this country, by law, the Communists are regarded as a con-*

Copyright 1955, By U. S. News Pub. Corp.

Cleanup Inside Army . . . Why Reds Can't Be Outlawed . . . Land Reform—Expensive, but Still Under Way

spiracy. It's a violation of our law for them to exist as a party. Why do you permit them to exist?

A I would like to ask you, in turn, why did the Allied Commission allow the Communists to be placed in important posts in the Government [in Italy] and in the Administration during the military occupation?

Q *Is it legal for the Communists to have a party in Italy today?*

A Of course. It is difficult to outlaw a party that has been in the Government for three years and has occupied in the past such important posts as Minister of Justice, Minister of Finance, Minister of Public Works and several posts as Under Secretary. The Communists played a part in the formation of the Constitution. They were equal with other parties and were within the law. In the first election they had 219 seats in Parliament, out of 590. It is difficult to outlaw the Communists when they have 219 Deputies in the lower house of Parliament, when a third of the population votes for them or their fellow travelers.

Q *Do you see any prospects that the Communist Party in Italy will go out of existence within the next five or 10 years?*

A It is difficult to say, but you can say that time works for democracy and against Communism.

Q *Where do Italian Communists get their money—inside or outside of Italy?*

A Most of it comes from inside.

Q *Who would be interested in furnishing money to the Communists? Are there people of wealth who are doing it?*

A First of all, the Communist Party is one of the biggest Italian capitalists. The Communists manage great financial transactions and trade. They have a number of commercial companies which act in a middle-class and capitalist manner to help the party.

Q *Is there a connection between those companies and Moscow?*

A To a certain extent, as far as international trade is concerned. They buy and sell goods in trade with Communist countries, but these companies operate within Italy. They are companies that are managed by Communists, but the transactions they carry out are perfectly legal.

Q *Where did they get the money to set up these companies?*

A You don't need much money in Italy to set up a company.

Q *And they have plenty of business?*

A Big business—hundreds of millions.

Q *In order to get procurement contracts from the U. S., various big industrialists in Italy have been concerned that the unions in their factories should show a movement away from Communist unions to the free unions. We hear that there sometimes has been collusion between the industrialists and the Communist unions, whereby workers were transferred*

(Continued on next page)

–USN&WR Photo

PREMIER SCELBA IS INTERVIEWED IN THE CONFERENCE ROOM OF *U. S. NEWS & WORLD REPORT*

. . . "Red propaganda is easy—blame Government for misery"

from the Communist unions to the free unions in order to get U. S. contracts—

A Such things are greatly exaggerated. That is not the truth.

Q *There have been reports that there is an increase in Communist activities in Southern Italy. Is that correct?*

A To understand that situation fully, one should bear in mind that before the war there was no Communism in the South and that the strength of Communism was in the North, in the industrial cities. Communist activity in the South, thus, is easy. It is virgin ground in which they have never operated before. It's a novelty. This is coupled

—Black Star

HEADQUARTERS, COMMUNIST PARTY LOCAL
"Time works for democracy and against Communism"

with another element—the low standard of living and the social and economic conditions.

Communist propaganda is very easy, because all they have to do is to interpret the misery of the area and blame the Government for it. In other words, they don't bank so much on their ideological arguments as on the miserable conditions of the area.

Q *How does your Christian Democrat Party oppose that?*

A We have now begun an organized reaction, but it is very difficult because we do not have the enormous financial resources which the Communists have. The Government is a coalition with a majority of Christian Democrats, and opposition to the Government means opposition to the Christian Democrat Party, which, of course, is a handicap.

Q *Do you have any hope that any of the left-wing Socialists will ever break away from the Communists?*

A So far, we have no evidence on which to base a forecast that this will happen.

Q *One question that is asked in the United States about Italy and Communism is this: How is it that in a country which is so predominantly Catholic, Communism can get any kind of start?*

A These Communists do not follow Communist ideology but are Communists for economic and social reasons. So they go to church and at the same time vote Communist, but not because they think the Communist doctrine is the right doctrine. It is because they think they are voting against poverty itself, not for Communist ideology.

Q *Isn't the key, then, in the eradication of Communists, a substantial improvement in the economic conditions of the people?*

A As far as the depressed areas are concerned, certainly.

Q *With so many Communists, how can you depend on the loyalty of the armed forces in Italy in case of an emergency?*

A We have been carrying on an active cleanup inside the Army and have gotten rid of men in key posts when we were not sure of them. We have found that officers and noncommissioned officers chosen by the Government are absolutely faithful.

In the case of Communist young men, we have observed that when they get into the Army they are inclined to follow the majority. Since they are not ideological Communists, it is easy for them to change. And in time of war, of course, the element of patriotism, which is very strong among the Italians, is added.

Q *If war came to Europe, would there be any danger of some kind of uprising or mutiny or rebellion?*

A War? War against whom? And why? There are a lot of elements missing. In the event of a war against aggression, against invasion, no. I see no danger of revolt or insurrection in such an emergency.

Q *Do the people in Italy talk much about the horrors of an atom-hydrogen war?*

A Communist propaganda is very strong on this particular point, and, in that sense, of course, it is discussed.

Q *Are they trying to scare the people by it?*

A Yes.

Q *In the main, is Communist propaganda pacifist?*

A It's always pacifist—in time of peace.

Q *So that they are resisting a rearming of Italy?*

A The line of their campaign, the feature of their propaganda, is to call for reduced expenditures for armaments and more investment in houses for the poor, a better standard of living and improved social conditions. That's their line, to try to make the Government weak, defenseless.

(Continued on page 74)

"I found a faster way to work...so can you!"

1 Poor Lawyer Brown worked day and night
His paper work was such a fright.
"I've got to have more time," he cried.
TIME-MASTER's* what he finally tried.

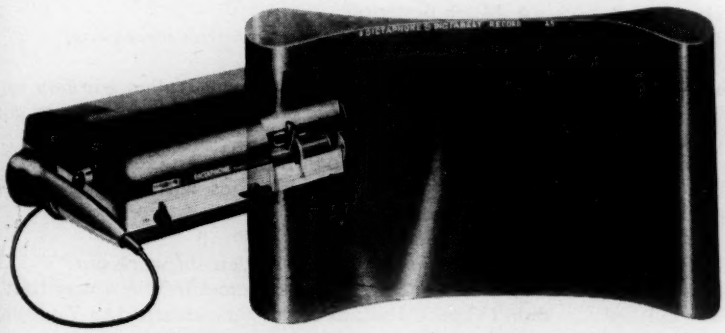
2 Now Lawyer Brown just "thinks out loud."
Into his "mike"—say, is he proud
To dictate so efficiently.
Once work is "*said* and *done*," he's free.

3 TIME-MASTER *travels* with him, too.
For working *any* place will do.
And work is *right*—no errors to fear
'Cause *Dictabelts* are crystal-clear.

4 He saves two hours every day
With Dictaphone TIME-MASTER. Say—
We bet in any job *you* do
The same might well be true for you.

*The complete name is the Dictaphone TIME-MASTER dictating machine.

DICTAPHONE...FIRST IN SALES AND SERVICE OF DICTATING MACHINES THE WORLD AROUND



Only Dictaphone's exclusive *Dictabelt* record gives you all these advantages:

1. **Clearest recording**
2. **Visible recording**
3. **Unbreakable plastic**
4. **Mailable**
5. **Filable**
6. **Costs just 4¢**

For more information, write Dictaphone, Dept. E-45, 420 Lexington Avenue, New York 17, N. Y.

DICTAPHONE TIME-MASTER DICTATING MACHINE

DICTAPHONE, TIME-MASTER AND DICTABELT ARE REGISTERED TRADE-MARKS OF DICTAPHONE CORPORATION

. . . "We have found most arms hidden by Reds in World War"

Q *How about their own investments for armaments? Haven't the police found a certain number of arms in the hands of the Communists in Italy?*

A Yes. But by now we have found the greater part of the arms that were hidden away by the Communists during and after the World War.

Q *There is no danger of a Communist uprising?*

A We think that the weapons that are in the hands of the Communists are by now rusty, whereas the weapons which are in the hands of the forces of the state are kept well oiled.

Q *Going back to the propaganda of the Communists, is there a definite attempt in Italy to portray the people of the United States as seeking war?*

A Yes. Communist propaganda in every country is founded on this theme, for the simple reason that their propagandists take the cue from Moscow directly, and that is the main point that Moscow is trying to make.

Q *What is the attitude of your Government toward Fascism?*

A We have a law against the Fascist movement, but we do not feel that there is any danger in that direction.

Q *Is it a relatively small number who are Fascists now in Italy?*

A It is easy to realize that a regime that has been in rule for 20 years would have some sympathizers, but most of them are camouflaged. Many of them are Communists today.

Q *What is the strength of the Monarchists and neo-Fascists in Parliament today?*

A About 68 Deputies out of 590 in the lower house.

ITALY STILL NEEDS AID—

Q *Has part of your mission to the United States been to get assistance in improving economic conditions in Italy?*

A We are bringing the Italian situation to the attention of the American authorities, and they will decide what they can do. We have made no express or explicit requests. They will do what they can do.

Q *Lately there has been the impression in the United States that Europe now is very prosperous and no longer needs our economic assistance. Would you say that Italy is in a position where she might be called prosperous in some sections?*

A This impression does not hold in the case of Italy. The economic situation is undoubtedly much better than it was. It has improved greatly. But we began with nothing; we started at scratch. We have a long way to go. The situation is not such today that we could say that we are prosperous. Italy is the only country in Europe where unemployment has such an enormous proportion. We have one and a half million unemployed—

Q *Out of a total of how many?*

A The labor force is about 20 million, out of a total of over 47 million. Out of that we have one and one half million unemployed and the underemployed are about 2 million. Unemployed or underemployed labor means undeveloped wealth plus an enormous burden on the national income.

Q *What about the excess of population—what can you do about that?*

A It is not only a question of population but a question of structural conditions. Two thirds of the total area of Italy is not arable land. It is mountains or in some way not arable land.

NEW LAND VS. COMMUNISM—

Q *A couple of years ago, land reform was held out as a great hope in Italy, as the way to discourage Communism and help the landless. What has happened to it?*

A Land reform has been started and is still on the way. The results from a technical and an economic point of view are excellent, and there have also been other results. We find it difficult to go fast with land reform—although we are going on with great effort—because the expenditures are so high.

An example of the expenditures can be seen in the fact that the average cost per acre of reclaiming the land is twice as much as the average price of the land itself. You can't give barren land to the farmers. The land has to be irrigated. Houses have to be built; roads have to be built; water ducts have to be built. And all that makes the cost to the Government very high.

Visitors to Italy can see thousands of new houses and thousands, also, of new farming sections. We have already given land to 98,000 families. Considering the size of families in the South, and the fact that land went to big families, that means at least half a million people. About one and a half million acres have so far been transferred from tenant farms to the ownership of those who work the land.

Q *Do you find that the average worker is better off than he was before—say, three, five, six years ago?*

A Much better off.

Q *Is emigration to other countries increasing?*

A No.

Q *Are you going to send some Italian workers up to Germany to replace the German workers who are going into the Army?*

A That depends upon the German Government.

Q *What about your relations with Yugoslavia—are they satisfactory?*

A Yes, good enough.

Q *How did the Trieste settlement work out?*

A It is working. It works sometimes in a way that we didn't expect. Italians in the zone awarded to Yugoslavia

(Continued on page 76)

Do you judge other products half as critically as you do your own?

You're careful to *sell* exactly what the customer wants — but when it comes to *buying* . . .

How about the towels your company buys for its washrooms? You supply them as a convenience to your customers and the people who work with you—because it's good business to do so. But when you settle for a towel of inferior quality, a towel that just doesn't do an adequate job, then your good-will gesture becomes meaningless.

People have definite preferences about towels

ScotTissue Towels are the kind people prefer to find in washrooms, because they use Scott products in their own homes. That's because ScotTissue Towels do their job better. Double-fold with wet-strength—they won't come apart when wet. ScotTissue Towels are nevertheless so soft that many people use them as face cloths.

Cost less in the long run

The proof of a towel is in the drying. Because of faster and greater absorbency, one ScotTissue Towel dries both hands—easily. You actually save money with ScotTissue Towels because consumption is lower in the long run. Remember—it's not the initial price of a case of towels, but the *rate of use* that's important when you're figuring costs.

Test ScotTissue Towels yourself—prove their quality

The best way to evaluate ScotTissue Towels is to prove them in your washrooms against the towels you use now. Your local Scott representative or distributor will show you a simple but effective consumption test that can result in substantial savings.

Scott also has a "Planned Poster Program" which will do much to cut consumption and promote cleanliness in your washrooms. This program will be mailed to you without any cost or obligation on your part. Simply write to Scott Washroom Advisory Service,® Dept. US-5, Chester, Pa.

It's good business to use

SCOTTISSUE® TOWELS

. . . "In general, the Americans are popular in Italy"

are leaving now. They don't want to stay in that zone now. They want to be transferred and they are coming over. Whereas the Yugoslavs in the zone awarded to Italy don't move.

Q *Are the remittances from America to Italy increasing or decreasing?*

A They are decreasing because emigration is not increasing. Many of our people have become nationalized citizens of the country where they have gone. Remittances are not increasing.

MORE OIL FOR ITALY—

Q *Haven't they made some progress with oil in Northern Italy? What is happening about that?*

A Oil has been found in Italy, and a special bill is now before Parliament providing for facilities for further foreign investments. Investments are encouraged and can be repatriated by the investors.

Q *Does that include oil?*

A There are two bills before Parliament. One is for investments in general, and one is a mining law for oil.

Q *What happens to ENI [National Oil and Gas Agency]?*

A ENI will be able to work in competition with all other companies in Italy.

Q *Would an American oil company be able to come in under this new law and explore in the Po Valley?*

A No. A law of 1953 gives ENI exclusive rights to oil in the Po Valley. Other companies are free to look elsewhere. It is not a negative law. Oil has been discovered in Sicily and in the Abruzzi, not just in the Po Valley.

Q *Do you think there's a future for Italy as a consequence of the oil discoveries?*

A That depends upon how much we find and where we find it.

Q *What do you see as the long-term way out for Italy? Is it a development of her industries, development of her agriculture—in what field does the greatest possibility of economic development lie?*

A I don't think there can be economic development unless there is industrial development. All the countries with great economic development have, of course, developed their industrial potential.

Q *What industries would be developed first?*

A I think the first thing you must develop is the industrialization of agriculture. But that is not the only sector in which we could do something. The mechanical industries are being developed and are going very, very well. Certain of our products are being very successful in America. You see a lot of our sewing machines and typewriters. They are in fair competition with American industry; that's the only kind of competition we want.

Q *What about the tourist business?*

A Yes, that contributes enormously to Italy's employment without being unfair in competition. Americans could come more often to Italy. They would certainly contribute to a better standard of living. We also could boost our output of textiles for high fashion, in which we have been very successful with articles of the highest quality. Articles of handicraft, too, are flourishing, and it would be a great contribution to employment if we could export more of these articles. It would also be useful if Americans drank less water at their meals and drank more Italian wine. It would not be bad for the American, and it wouldn't compete too much with his own industries.

Q *Your attitude toward milk is not the same, then, as that of the former French Premier, Mr. Mendès-France?*

A No—I drink wine.

Q *Does the presence of large numbers of our American troops in Leghorn present any problems?*

A No—no problem. The Communists make some propaganda of it—that's all.

Q *People in Europe think differently about Americans from time to time. How do you think America stands in Italy now?*

A Ups and downs occur in Italy, too, but I don't think there is anything particularly negative at the present moment. In general, the Americans are popular. One of the reasons is that they represent a standard-of-living target which many Italians would like to attain. The presence of many Italians in America is a very strong link, the strongest link we have. That's one of the reasons why we didn't cultivate relations with Russia—because there's not a single Italian in Russia.

Q *There's Togliatti, the Communist leader.*

A No, alas, he, too, is back in Italy now.

Q *Do you think you will have elections in Italy before 1958?*

A Who knows?

HOT FIGHT IN ELECTIONS—

Q *We heard a lot about the 1953 elections and the contested ballots. Do you think that if they had been recounted in time, the center parties would have piled up more votes to get more seats in the Italian Parliament?*

A If the ballots annulled for technical reasons could have been counted and valid, the democratic parties would have won probably 800,000 votes more.

Q *And that would have meant more seats in Parliament?*

A It would have been more comfortable for the Government.

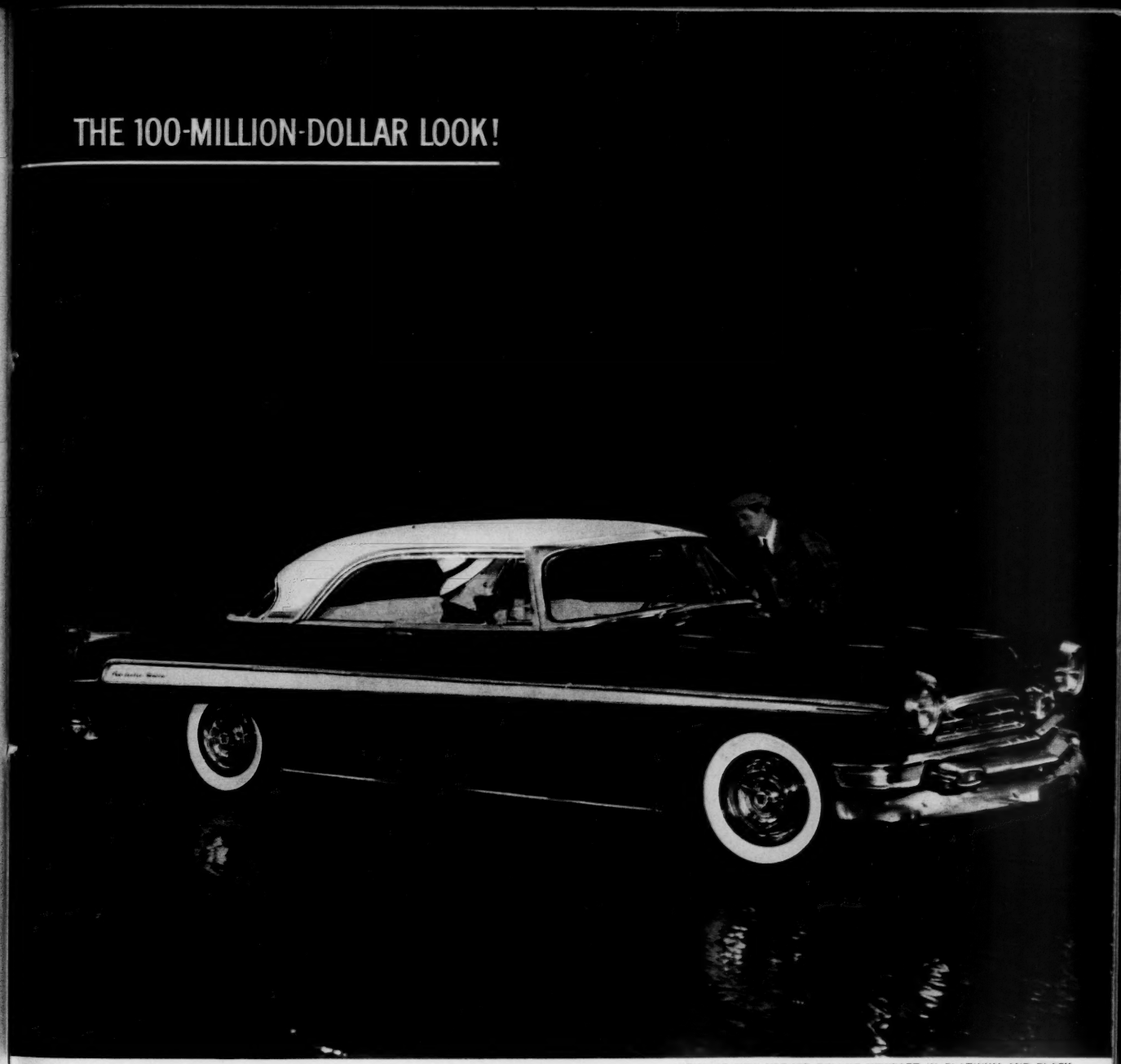
Q *What was the margin?*

A The margin was about 100,000 votes.

Q *Isn't there a hot battle for ballots down there in the South, where the Communists are now making their biggest gains?*

A Undoubtedly.

THE 100-MILLION-DOLLAR LOOK!



CHRYSLER NEW YORKER DELUXE NEWPORT IN PLATINUM AND BLACK

A clean sweep in style that's sweeping the country!

Here's the big new style favorite with motorists today. By the tens of thousands they're turning to Chrysler for a car that's *really* long, sleek and low.

Just see! Unmistakably, Chrysler has that look of *forward motion* . . . a smooth, clean sweep of tailored steel from massive forefront to dramatic Twin-Tower tail lights! No straight up-and-down posts in that windshield . . . it's *swept-back* to accent Chrysler's "go ahead" air, besides doing away with eye-level blind spots so annoying in other windshields.

And beneath all this sleek smartness, there's *performance* such as you've never felt before. A great new 250 hp FirePower V-8 engine, PowerFlite, most automatic of all no-clutch drives . . . now controlled by a widely hailed dash-panel lever! Full-time Power Steering . . . Power Brakes . . . Power Seats . . . everything is here you could want!

Let the car itself prove to you why the power and look of leadership are yours in a Chrysler. Your Chrysler Dealer's is the place to go — see him as soon as you can!

CHRYSLER AMERICA'S MOST SMARTLY DIFFERENT CAR

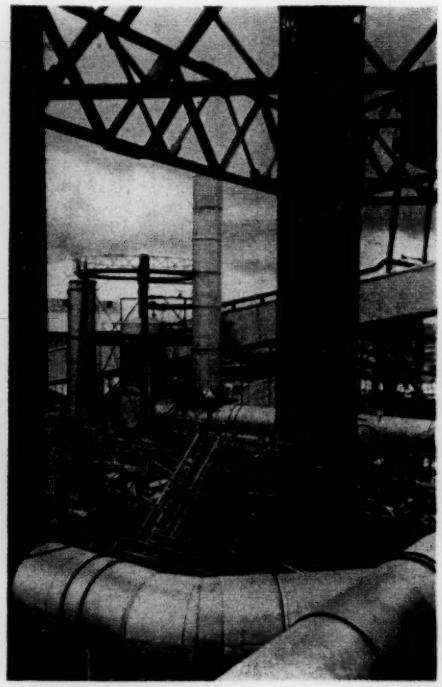
Does "the company" live your life f

THIS INDUSTRY LEADER BELIEVES YOU WANT TO T

In light of today's complex political and social challenges, Rayonier questions some of industry's well-intended public relations activities.

Examples: Doesn't a company become a meddler by "helping employees utilize their leisure time?" What permanent good accrues to a company by ax-grinding "great causes," or handing out pamphlets to pontificate privately-held views? Are these the legitimate province of management? Are they necessary to good community relations?

Rayonier thinks not. Because among other misuses, they tend to foster a paternalism neither rewarding nor justified.



As a big citizen in 5 communities in the Northwest and Southeast, Rayonier carries the lion's share of the local financial burden. We seek no special concessions or favors from "City Hall." But we accept no discriminations because we are successful.

We play our cards face up. Before building our new Jesup, Georgia plant we said there would be odor problems. But we assured the community that the best controls available would be installed. Shown above is typical odor corrective equipment at a Rayonier plant.

In this environment of trust, Rayonier goes better about its business of producing the world's quality chemical cellulose.

e for you ?

O THINK FOR YOURSELF

RAYONIER
INCORPORATED
161 East Forty-second Street, New York 17, N.Y.

J. T. SHEEHY
EXECUTIVE VICE PRESIDENT

MEMORANDUM

Subject: Public Relations Policy

To: Rayonier Division Managers

It is good business for an industry leader to make itself publicly understood and respected.

Rayonier will continue to explain its policies, motives and aims to its large, diversified world audiences.

Answer all legitimate questions about Rayonier. Don't dodge issues. If you don't know the answers, get them.

James T. Sheehy
Executive Vice President

JTS:me

Rayonier's primary responsibility to a community is to create jobs at sensible hours, dignified wages, best possible working conditions. Public spirited citizens often come to Rayonier for contributions, but we can't protect workers' jobs by playing Santa Claus.

This doesn't mean we're aloof to community needs. Rayonier supports valid programs—Boy Scouts, Red Cross, etc. But Rayonier won't underwrite special factions promoting new gym floors, civic centers, and the like.

When an issue involves Rayonier's self-interest, we offer leadership, never dominate. For example, tree farmers in the South get help plus free use of equipment.

Thus, not through paternalism but with true civic responsibility and direct communication Rayonier serves the community and its own.

cellulose chemistry

RAYONIER
INCORPORATED

Executive and General Sales Offices: 161 East 42nd Street, New York 17, N. Y.

B-W DESIGNED AUTOMATIC TRANSMISSIONS

(They take 92% of the work out of driving)

Two million Americans can't be wrong! They are finding that B-W Automatic Transmissions give them far greater smoothness, quiet and downright pleasure from their driving. America's fastest-growing drives, B-W automatics are available in both cars and light trucks.

Almost every American benefits every day from the 185 products made by

You'll get twice the lift from that new car this Spring when it has a B-W Automatic Transmission—designed to turn all your driving into pure pleasure.

You zip away from stops without commotion . . . no click, no whir. You climb to full cruising speed on one unbroken surge of power. Shifting through the speed ranges takes place so quickly and quietly your ear can hardly detect it.

In town or country, driving is so peaceful—so *effortless.* Press the gas and B-W Automatic Transmission gives you the "go" of gears plus the smoothness of the torque converter (which multiplies power with whirling oil).

On steep grades, this drive adjusts speed ranges instantly for fast, labor-free climbing. It permits effective braking by the engine for safe descents. Rocking out of mud or snow is easier.

B-W automatics give everything you want—including economy. 22 years of research have gone into perfecting their superb performance. Each one demonstrates Borg-Warner's aim in all things —"design it better—make it better." For more enjoyment from your new car this Spring, be sure it has a B-W Automatic Transmission.

ENGINEERING B-W PRODUCTION

BORG-WARNER

AMERICA'S FOREMOST MAKER OF TRANSMISSIONS: STANDARD, OVERDRIVE, AND AUTOMATIC

In Britain:

EVEN THE SOCIALISTS TURN AGAINST SOCIALISM

After seven years, Britain's socialized industries still are deep in trouble. Even some Socialists are getting fed up.

Government-owned coal is scarce and production is slipping. The trains, Government owned, still don't run on time.

Strikes, grumbling about "the boss" continue. To many, "nationalization" sounds like a nasty word as election time nears.

LONDON

Socialism, as Karl Marx laid it down, is a dying doctrine in Britain. After repeated failure, the idea of government ownership of the means of production has lost its appeal. Even the Socialists are shying away from it.

Labor Party politicians, preparing for an election campaign, are soft-pedaling talk of nationalized industry, which they hailed 10 years ago as a cure-all for Britain. Instead of being cured, the socialized industries are sicker now than when the Government took them over.

The Labor Party rushed to give socialism a chance to prove itself when it moved into power in 1945. Twenty per cent of Britain's industry was taken away from private owners and turned over to Government boards. Coal was nationalized. The transport industry passed into Government hands. Later, the tremendously important steel industry was taken over.

–British Information Service

BRITISH COAL MINERS ARE WELL PAID
. . . but the industry is deep in the red

As of now, two of these same three industries are still being run by bureaucrats. They are still far in the red. Only steel is in a comparatively healthy state—and steel has been turned back to private ownership by the Conservatives who returned to power in the election of 1951.

The records established in coal, steel and transportation are now making the Socialists themselves wary of nationalization. They are committed to renationalize steel if returned to power. But the Labor Party has been losing ground nationally and the Socialists are worried about the future.

One big reason for their worry is the evidence at the polls that workers themselves have been turning away from the Labor Party. The independent newspaper, the *Manchester Guardian*, says "There can be no doubt that the Tories gained the confidence of a great many manual workers during Labor's tenure in office." The Conservatives got their largest trade-union vote in history in the 1951 general election that unseated the Socialists.

Government: no easy boss. Most British analysts believe this swing to the Conservatives was the result of deep

–British Information Service

THE STEEL INDUSTRY IS BACK IN PRIVATE HANDS
. . . and comparatively healthy

[continued]

SOCIALIST BRITONS AGAINST SOCIALISM

–British Information Service

THE RUSH HOUR ON LONDON'S SUBWAY
Transport workers grumble at Government bosses

disillusionment with Socialist efforts to run the big industries. The rail workers, for example, find that nationalized railroads are often tougher to work for than were the old privately owned systems. Many coal miners feel the same way about the mines. Both miners and rail workers battle with their Government bosses as they did with private owners—and many of them say the Government bureaucracy is even harder to deal with.

A close look at what has happened to the big industries taken over by the Government shows why both workers and the top leaders of socialism are having some second thoughts about nationalization.

The coal industry, run by the Government, seems to be going backward. In the first eight weeks of 1955, some eight years after nationalization, coal production was a million tons less than it was in the same period last year. Britain is importing coal—its major natural resource.

So far this year, 344,000 tons of coal has been lost through strikes. Productivity has been dropping for three years, despite a program to modernize and mechanize the mines.

The coal miners are dissatisfied, even though they have the highest wage scale of all industrial workers, and many of them are bitter. The Socialists promised the miners a large measure of control of the industry. What they got instead was a huge bureaucratic structure that rules the mines from London. The coal miner finds that rising from the pits to an executive position is by no means as easy for him as he thought it would be.

If the coal mines are in bad shape, the nationalized railways are as bad or worse. During seven years of socialism, they have racked up a consistent record of higher and higher fares and poorer and poorer service. And the trains still don't run on time.

Government-owned railroads have the same labor troubles that the privately owned lines did. Service is frequently interrupted by slowdowns and wildcat strikes. Just as the coal miners do, the railroaders grumble about their Government bosses. Wages on the railroads were below average when the Government took over and, because the roads are deeply in the red, haven't risen in proportion to the cost of living. Wages now are still well below those paid in many other industries.

Having achieved neither the wages they expected nor a voice in management, the workers often act as though they don't care much whether the trains run on time or whether the passengers are comfortable. The railroads themselves—after seven years of Government ownership—are still nearly 10 million dollars in the red.

Peanut backfire. Many Britons are convinced now that any production scheme undertaken by socialism is destined to lose more than it gains. You still hear talk in 1955 of the Socialist peanut scheme of 1949.

In the days of postwar austerity, when fats and oils were scarce, the Labor Government undertook to remedy the shortage by harvesting peanuts in Africa. It set aside 67 million dollars to seed 3

(Continued on page 84)

–British Information Service

A SOCIALIST SCHEME TO GROW PEANUTS
. . . was officially pronounced a failure

Is ahead for your partnership?

Here's new low-cost business security

If your business is a partnership, the disability or death of a partner may result in loss of control by you or in forced reorganization or sale.

Special funds to meet these possible dangers can be immediately available through Business Security life insurance policies offered by John Hancock. Payment of policy benefits can protect the family of the disabled or deceased partner and also the interest of the survivors.

These Business Security life insurance policies are now *lower in cost* as a result of John Hancock's new program of streamlining and simplifying life insurance. You should get the facts now about Business Security policies for *your* partnership.

JOHN HANCOCK OFFERS

- A new low-cost policy for those who can qualify as preferred risks.
- A "Select" class of policies at exceptionally low cost.

For full particulars consult your John Hancock agent

John Hancock
MUTUAL LIFE INSURANCE COMPANY
BOSTON, MASSACHUSETTS

DEDICATED TO THE INDEPENDENCE AND FREEDOM OF EVERY AMERICAN FAMILY

Put those rumors to work for you

Observe any active group of citizens today. They have robust opinions covering a range of timely subjects — politics, the theatre, current business.

Among these subjects are *your* business, *your* company, *your* product.

Wittingly or unwittingly, these people shape others' opinions about your product. That's fine, *provided* those who speak have friendly things to say about you. Only favorable talk can enhance your business and your reputation.

Beware the Negative Rumor

A bit of negative gossip, founded on misinformation and inflated by repetition, can seriously damage the good name of your product. It can channel off a lot of sales to your competition.

You can help prevent this injury and attract sales by doing as other business leaders do: put your full story IN PRINT, in persuasive booklets, broadsides, bulletins, brochures, folders, reports, catalogs.

Many who read about your product will then absorb the truth, will learn to appreciate your points of superiority, both major and minor. These readers can become your enthusiastic promoters, circulating the good word with sincerity and personal conviction.

Your Ally — A Good Printer

In any program for the creation of effective selling literature, please keep this foremost in mind: *Your printer occupies a key position.* He possesses experience and craftsmanship. He can apply them most effectively only if he works closely with you right from the start. So make it a rule to call in your printer at the beginning of your plans, — not somewhere along the line.

Your printer always seeks to deliver a fine example of modern printing — which means that your literature will probably be printed on Warren's Standard Printing Papers. They are widely respected for their uniform brilliance and economy. *S. D. Warren Company, 89 Broad Street, Boston 1, Massachusetts.*

BETTER PAPER — BETTER PRINTING

Warren's STANDARD *Printing Papers*

[continued] **SOCIALIST BRITONS AGAINST SOCIALISM**

million acres with peanut plants. But everything went wrong. By the end of 1949 only about 100,000 acres had been cleared and planted—and at a cost of 84 million dollars. In January of 1951 the whole project was abandoned as a failure. A committee of Commons composed of Laborites as well as Conservatives concluded:

"The basic fault in the scheme was the failure to realize the impracticability of the original plans. . . . An immense development and production drive was set on foot at a time when nothing but second-hand plant and machinery were available and before a balanced administrative financial and accounting system had been created which would bear the weight of the initial surge of expenditure."

Of all the basic industries taken over by the Socialists, steel was disturbed the least and fared the best. It was the most prosperous under nationalization and is very prosperous now, back in the hands of private owners.

In February of 1951 the Socialists took over all the big steel companies, but they kept hands off all operating functions. The companies, under Government ownership, retained their individual identifications and continued to compete with one another. Also, the period of nationalization was so brief it is impossible to guess what would have happened eventually.

DENTISTS ARE BUSY . . .
The medical program . . .

Eight months after the Socialists took over the companies, they were turned out of office by the Conservatives, and steel went back to its private owners. The firms, meanwhile, had remained under control of the same managers. As it turned out, they were nationalized in name only.

Steel production has risen progressively, in contrast to the experience with coal. The average annual output of British blast furnaces increased from 48,000 tons per furnace in 1929 to 72,000 in 1945 and to 106,000 in 1953. Britain still is short of steel, but socialism didn't bother the industry much.

The lesson learned. Nearly all Britons you talk with are convinced that the three basic industries—coal, steel and transport—have written a record that shows failure where socialism was carried out along classical lines and moderate success where "socialism" was in fact traditional capitalism with a socialist name. These contrasting records make it fairly sure that Socialists will proceed with extreme care in further experimentation with public ownership—if they get the chance.

Many Socialist leaders have been talking down nationalization for more than a year and they make it clear they would prefer to keep the issue out of this year's campaign.

"Nationalization is not the object of this party," said Arthur Woodburn, a Member of Parliament, at the Labor Party's conference in 1953. "I am disappointed in some young Socialists who

(Continued on page 86)

—United Press

...AND STILL SOCIALIZED
...is a popular one

tired of knocking on doors?

F. W. Dodge Corp., Construction News Division
Dept. U553, 119 West 40th Street
New York 18, N. Y.

Please let me see some typical Dodge Reports on current selling opportunities in my marketing area. I am interested in

☐ Construction of Houses
☐ ☐ General construction (not houses)
☐ Engineering projects

Name_____
Company_____
Address_____

MYSTIK TAPE
Tarzan of the Tapes!
Improved! Higher tensile strength!
Super-strong self-stik adhesion!
Costs much less to use!
Tougher than ever! New, improved self-stik Mystik Brand Flexstron handles even heaviest strapping, bundling, palletizing and packing jobs—eliminates the need for costly strapping materials—heavy, slow-handling methods. This filament-reinforced packaging tape has a Tarzan grip—extra-high tensile strength—yet fully flexible for fast, easy handling and to conform to every shape. Get the facts from your supplier and you'll cut costs with Mystik Flexstron.
WRITE on letterhead for sample and information. Mystik Adhesive Products, 2678 N. Kildare Ave., Chicago 39. In Canada: Mystik Tape Sales (Canada), Ltd., 510 King St. East, Toronto 2. Offices in all principal cities.
EXCLUSIVE
"MEASURE MARK"
trademark
Each roll marked every six inches. Fast, easy way to figure tape needed, or being used, for any job!
MYSTIK
BRAND
TAPES
•SELF•STIK
Flexstron®
Filament-Reinforced Packaging Tape
Trademarks Mystik, Thinflex, Flexstron and Bag-Lok Registered
© 1955 Mystik Adhesive Products
Waterproof Cloth Tapes—in Colors! • Mystik Thinflex Masking Tape • Mystik Flexstron Filament-Reinforced Tape
Uncoated Cloth Tapes • Mystik Printable Tape—6 Colors! • Mystik Bag-Lok Tape—6 Colors!
Mystik Protecto-Mask • Mystik Spra-Mask • Mystik Dri-Pipe Insulation.
NEW! Mystik Brand Adhesives for Industry. Free samples and information on request.

[continued] **SOCIALIST BRITONS AGAINST SOCIALISM**

seem to think that nationalization is socialism. . . . Nationalization is only a means to an end—and it may not be the best means in every case."

Arthur Deakin, Transport Workers Union chief and a powerful Labor Party leader, says there are two tests that should be applied in the future in deciding whether to nationalize an industry: Is the industry sufficiently efficient under private ownership to do the nation's work? Do the people in the industry themselves want to shift to public ownership? If the answer to the first question is "Yes" and the answer to the second is "No," says Mr. Deakin, there is no case for taking the industry out of private hands.

Politician's-eye view. C.A.R. Crosland, a Labor Member of Parliament, reduces the subject of nationalization to practical politics in these words:

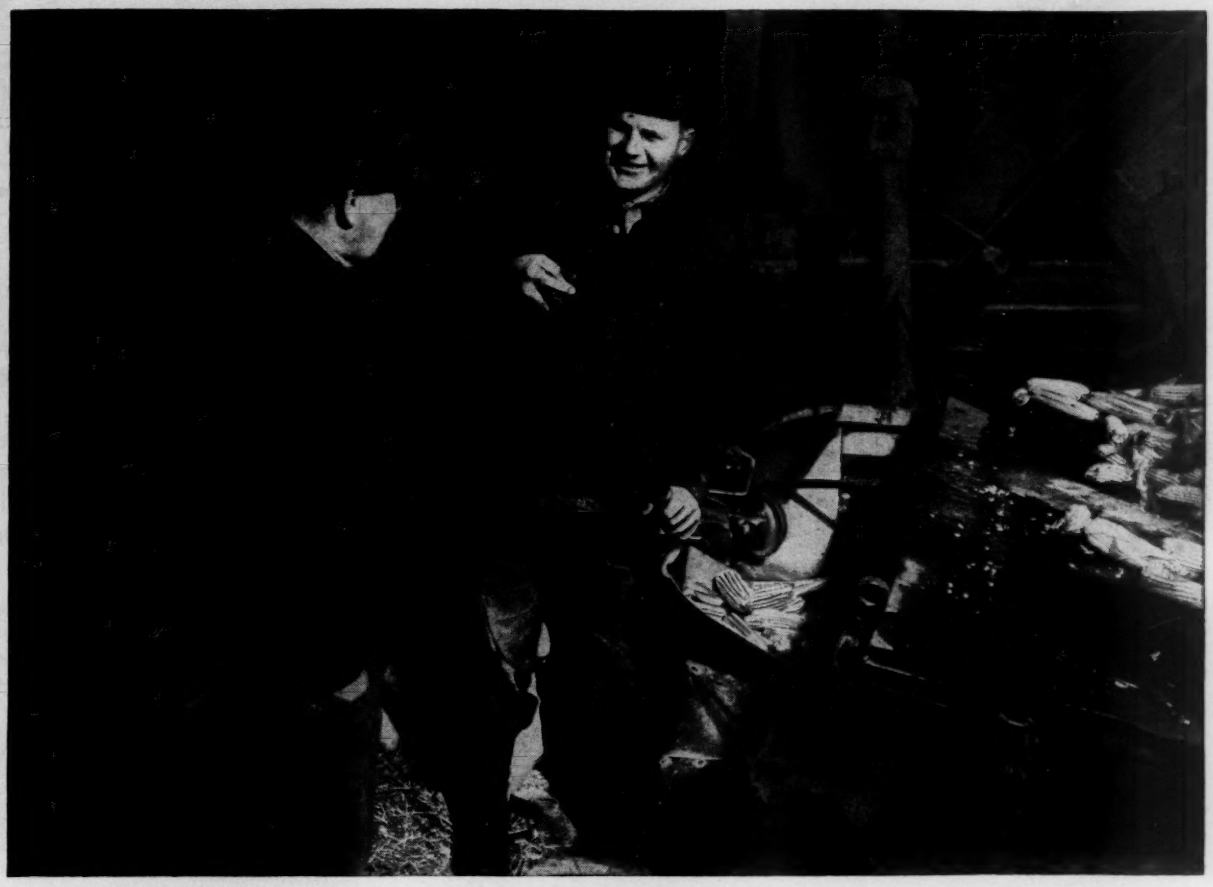
"I represent an area in which there is one very large aircraft firm. Am I to go down tomorrow if there is an election immediately, or in a month's time, to this aircraft area and say: 'Look at your miserable industry, only two world's records in three weeks. Nationalize the industry!' "

Politicians, talking this way, reflect Britain's unhappy experiences with socialism when it comes to basic industry. Most Britons seem to like their socialized medicine, but socialized industry is something else. Coal is still in short supply. So is electricity. Nearly everybody complains about the trains.

Workers who thought socialism would cure all their grievances now find that it cured almost none. They expected Government ownership to give them a voice in running industry, but it didn't. To most of them it simply meant a change in bosses—often with the Government boss more remote than the old private-industry boss ever was.

Union membership is growing. The unions fight a Government employer just as hard as a private employer. Some of Britain's most bitter strikes have been against the nationalized railways and coal mines. Steel—barely touched by nationalization—has enjoyed peaceful labor relations.

Whatever happens at the next election, there is no immediate prospect of turning socialized industries back to private owners, as was done in steel. But there is no loud demand by the Socialists to push further ahead with the Government ownership launched so enthusiastically in 1945. Many of Britain's most ardent experimenters with socialism have had all they want of socialized industry.



"MICHIGAN FARMER is our Partner!"

Says H. M. Van Aken, Eaton County, Michigan

Not in this picture—but always around—is MICHIGAN FARMER, the favorite magazine of the Van Aken family, Eaton Rapids. The family has been a subscriber as long as any member can remember. Herbert M., the father and two sons — Herbert Keith and Charles — farm 300 acres, keep 60 head of dairy cattle, raise 20,000 broilers. Helping them further this prosperous enterprise is MICHIGAN FARMER, devoted *exclusively* to Michigan farming, homemaking and farm news . . . reaching 4 out of 5 Michigan farm families *twice* every month.

This *preference* (4 out of 5 farm families) and *frequency* (24 issues per year) make MICHIGAN FARMER the most effective advertising medium you can choose. It's convenient and economical (MICHIGAN FARMER is a Roto magazine). Your advertising is sure to get action because Michigan is a top-third state in farm income. Besides, broad diversification keeps cash coming in *steadily* right around the calendar.

Get the facts on the rich Michigan farm market and on the strong, steady markets in Ohio and Pennsylvania, served by THE OHIO FARMER and PENNSYLVANIA FARMER; also Roto magazines that save plate costs.

Write to B1013 Rockwell Avenue, Cleveland 14, Ohio.

MICHIGAN STATE COLLEGE Centennial 1855 • 1955 EAST LANSING

OF FARM MECHANIZATION

An Exposition of Farm and Home — Yesterday, Today, Tomorrow

AUGUST 15-20, 1955

Previewed in the August 6 issue of Michigan Farmer

Closing Date **JULY 22, 1955**

Michigan Farmer

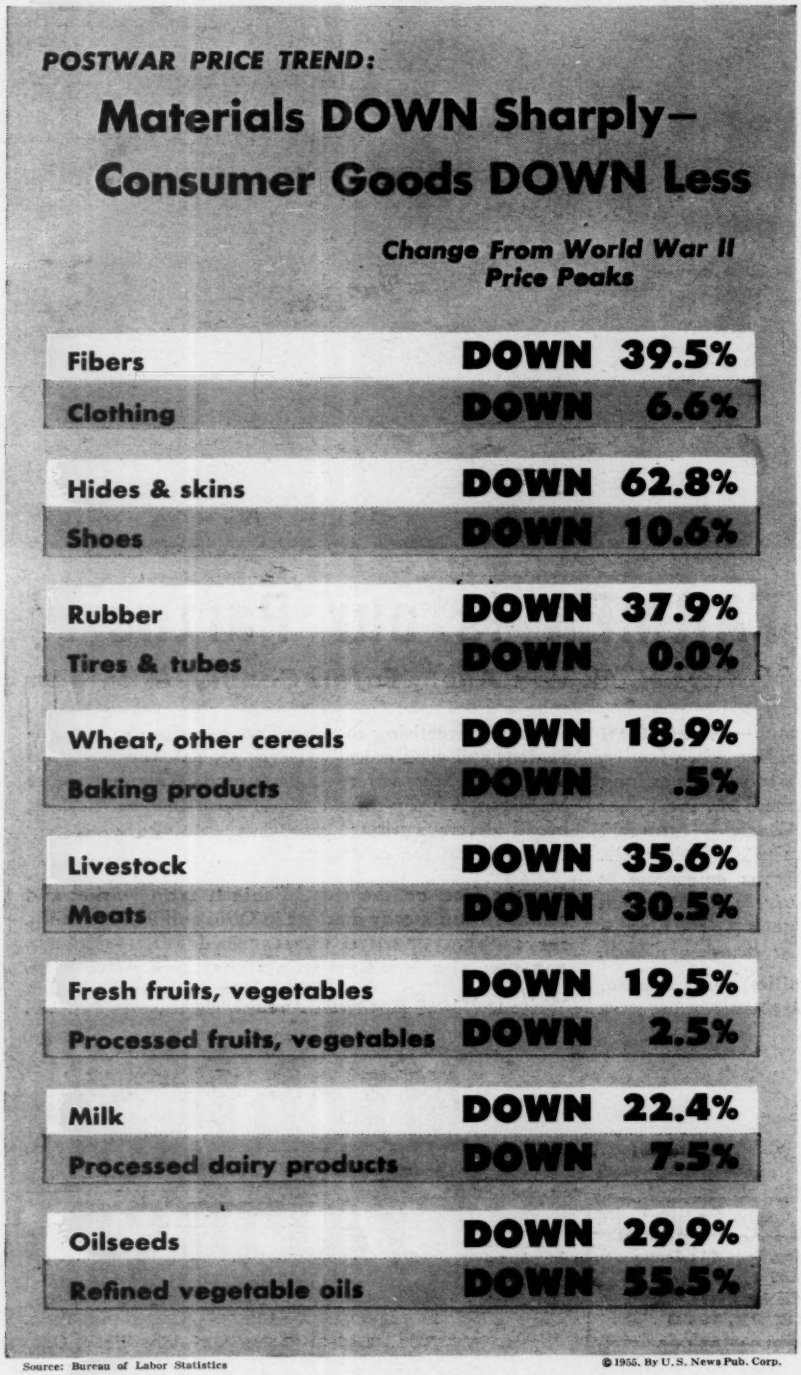
East Lansing, Michigan

PENNSYLVANIA FARMER — Harrisburg, Penn.
THE OHIO FARMER — Cleveland, Ohio

Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

SOME PRICES DOWN, BUT— NOT SO MUCH AT RETAIL


POSTWAR PRICE TREND:
Materials DOWN Sharply—
Consumer Goods DOWN Less
Change From World War II Price Peaks
Fibers DOWN 39.5%
Clothing DOWN 6.6%
Hides & skins DOWN 62.8%
Shoes DOWN 10.6%
Rubber DOWN 37.9%
Tires & tubes DOWN 0.0%
Wheat, other cereals DOWN 18.9%
Baking products DOWN .5%
Livestock DOWN 35.6%
Meats DOWN 30.5%
Fresh fruits, vegetables DOWN 19.5%
Processed fruits, vegetables DOWN 2.5%
Milk DOWN 22.4%
Processed dairy products DOWN 7.5%
Oilseeds DOWN 29.9%
Refined vegetable oils DOWN 55.5%

Source: Bureau of Labor Statistics

© 1955, By U. S. News Pub. Corp.

Many people ask, "When will the U. S. suffer the usual postwar price bust?"

This article shows that the decline, from wartime levels, has come. It's been substantial in some markets. Now, the prospect is for fairly stable prices.

The price decline, which many feared after World War II and again after the Korean war, has taken place without causing much trouble for business as a whole.

Farmers and some other producers of raw materials have been hurt but not most other people.

The drop has been so moderate in many lines that businessmen sometimes wonder if a real adjustment from wartime peaks is yet to come. However, careful study of the figures shows there has been a significant drop, very substantial in a few cases. The chart on this page indicates how prices of some raw materials have declined since 1948, when the price rise generated by World War II came to an end.

The average for fibers, such as cotton, wool and rayon, is down nearly 40 per cent, according to the Government estimate. Rubber is down nearly 38 per cent; hides and skins, nearly 63 per cent; milk, more than 22 per cent.

Metals and metal products, on the other hand, are 21 per cent more expensive than they were in 1948.

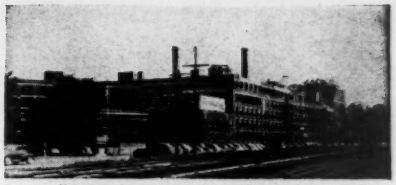
What the consumer finds. The chart also shows why the consumer is inclined to feel prices haven't come down very much. The Government index for clothing prices has dropped less than 7 per cent; for shoes, less than 11 per cent; for flour and bakery products, less than 1 per cent.

The consumer's most important gain has come in the price of meats. These now cost, on the average, almost 31 per cent less than they did in 1948, when prices for the World War II period hit their peak.

In other lines, where processing plays a greater role, the consumer prices tend to be held high by wage increases and a boost in selling costs. Pay raises have

(Continued on page 90)

How Kellogg turns dust into $1400 each day



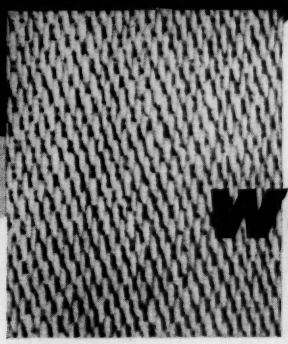
Dust collection is a sanitary safeguard for Kellogg Company's cereals and other food products.

Ancient alchemy tried to transform baser metal into gold. Today, Kellogg Company—using a modern dust control system—is able to turn dust into dollars. In this modern alchemy, Wellington Sears fabric plays a vital role.

You can see it happen every day at Kellogg's vast (40 acre) Battle Creek plant. Processing millions of tons of bran, rice, sugar and wheat raises clouds of dust—invisible yet undesired.

Pangborn dust collectors turn this problem into profit. An intricate exhaust system forces this dust through cloth-screen separators. These special fabric filters let air through, but salvage the dust—35 tons and $1400 a day of valuable vegetable and mineral matter. The quality of these fabric filters can be judged by the dimension of the dust—as fine as a few microns (1/25,400 inch) in diameter. We are proud that these cloths are products of Wellington Sears.

Today a wide variety of Wellington Sears fabrics helps filter out production problems—many woven of the new man-made fibers—and all engineered to specific jobs. Indeed, for over a century we have helped blueprint fabrics for industrial progress, from ocean-going duck to automobile headlinings. This individual approach to industrial problems is harder on us, but more rewarding to you. For further details—write us for illustrated booklet, "Modern Textiles for Industry."



Wellington Sears

A Subsidiary of West Point Manufacturing Company

FIRST In Fabrics For Industry

For the Rubber, Plastics, Chemical, Metallurgical, Automotive, Marine and Many Other Industries

Wellington Sears Co., 65 Worth St., New York 13, N. Y. • Atlanta • Boston • Chicago • Dallas • Detroit • Los Angeles • Philadelphia • San Francisco • St. Louis

Questions and Answers on Electric Power in South Carolina

☐ ***Q. Are there ample power facilities for my industrial needs?***

A. 36 power generating stations serve South Carolina industry with an annual capability of more than 4 billion kilowatt hours. A new $45 million generating plant with a capacity of 250,000 KW. is to be available in 1955.

☐ ***Q. Can additional power be provided?***

A. At present, South Carolina's power producing capacity is ahead of requirements, and a network of transmission lines blankets the state to carry power to industrial sites. Future plans include other power projects to take care of increased industrial demands.

☐ ***Q. Are power companies privately or publicly owned?***

A. Nine privately owned companies and three publicly owned power systems, together with more than 20 REA financed electric cooperatives, make abundant electric power available almost anywhere in South Carolina.

☐ ***Q. Is the power company's attitude cooperative to new industry?***

A. Definitely yes. Power companies are eager, as is the entire state of South Carolina, to welcome new and diversified industries to the state. Rates average 30% lower than other areas of the country.

Write for "South Carolina on the March", a survey of 10 years of progress in South Carolina.

State Development Board
Dept. US-4, Box 927
Columbia, S. C.

South Carolina
STATE DEVELOPMENT BOARD

Pay raises, higher sales costs keep prices up . . .

more than offset the savings achieved through modernized machinery and methods.

Another reason why the consumer does not feel much relief from inflation is the high, and still rising, cost of rents, medical care and utilities. As a result, the Government cost-of-living index today is nearly at a record level.

Where prices dropped most. The reaction from wartime inflation has been felt most by wholesalers, manufacturers, farmers and others who use or sell basic materials. As a rule, prices that have come down most are those that had gone up most.

The wholesale price level today is about 6 per cent higher than it was in 1948, but about 6 per cent lower than it was in March, 1951, the time during the Korean war when prices, in general, were at their highest point.

The moderate change since 1951 conceals some much sharper fluctuation, however. At the wholesale level, clothing and textiles have tumbled nearly 18 per cent; hides and livestock products, nearly 27 per cent; farm prices, more than 21 per cent.

Prices of metals are helping to hold up the Government index today. Not so long ago, some metal prices were a good deal lower than they are now; this was true of copper, lead, zinc, aluminum and steel scrap.

At any rate, the decline in prices has been fairly small in the light of previous postwar slumps. The chart on this page shows this. For this purpose, prices were traced from the high point reached during or soon after the various wars ended to a point four years later. World War II figures were not included in the chart, because, by four years after the price peak, the Korean war had started.

Farm prices have tumbled from their Korean peaks almost as much as you would expect, on the basis of history. Hides and livestock products' prices are off more than usual. On the other hand, processed foods, chemicals, lumber and many other products have risen in price or declined much less than after previous wars.

Price decline over? Because there has been no sharp, general break in prices, some economists and businessmen suspect a break is yet to come. Historical records show that prices sometimes take more than four years to hit bottom after a war.

Now, however, most signs point to fairly steady prices. Farm products are drifting lower, not breaking fast. Nonferrous metals, high because of strikes and federal stockpiling, could weaken. But many other factors are involved.

The most important factors in keeping prices steady are rising wages and the consumers' eager demand for goods. Also, growing demands for schools, roads, water and sewer systems can absorb large amounts of material and put billions of dollars in workers' pockets.

The Federal Government has its finger in many commodity markets and so is able to work against sharp declines.

As a result, most economists feel a price collapse is unlikely. Price breaks after previous wars were tied in with serious business depressions. Now, great strength is being shown today in the aftermath of war, and most prices are sharing in this strength.

Postwar Prices— NOT MUCH OF A SLUMP THIS TIME

Changes at wholesale in four years after war peaks:

	Average decline after past wars*	Decline since Korean War peak
FARM PRODUCTS	23.9%	21.4%
FOODS	23.2%	6.6%
CLOTHING & TEXTILES	24.0%	17.9%
HIDES, LIVESTOCK PRODUCTS	10.2%	26.7%
CHEMICALS, ALLIED PRODUCTS	38.6%	4.1%
LUMBER, WOOD PRODUCTS	15.4%	4.2%
ALL COMMODITIES	28.4%	5.6%

*War of 1812, Mexican War, Civil War, World War I.

Source: Bureau of Labor Statistics and Cornell University

© 1955, By U. S. News Pub. Corp.

When you get 'em hot and fast

. . . you have Inco Nickel in the heating units of your electric range

Here's a Family that knows the secret of speed cooking: an electric range and Inco Nickel.

On this range – for quick, clean, steady heat – Inco Nickel is in the heating units, the parts that get red hot on the double-quick when the range is turned on.

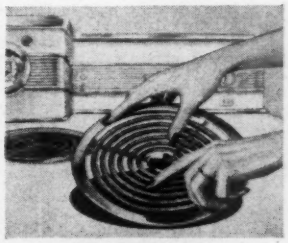
It's in the heating units in two forms and two places

The heating element inside these units, the hidden wire that turns electricity into heat, is a Nickel Chromium alloy. This metal heats up fast and resists high temperature corrosion.

And the protective sheathings for this wire – these are other Nickel Alloys, such as Inconel and Incoloy.

Thanks to these Nickel Alloys, the sheathing (the coils that glow a bright, cherry red) can be made thin –so thin that it transmits heat instantaneously. Yet, thin as it is, the sheathing withstands intense heat, without warping, without burning out. Your assurance of trouble-free speed cooking over the years!

Whether you're interested in speed cooking or not, you'll enjoy reading "The Romance of Nickel." This take-you-behind-the-scenes, 65-page booklet will show you why Inco Nickel has come to be called "Your Unseen Friend." Write for a free copy. The International Nickel Company, Inc., Dept. 83d, New York 5, N. Y.



With Inco Nickel in them . . . metals perform better, longer!

Here's what this friendly metal does for the heating coils in electric ranges: it helps them hold strength at high temperatures, transmit heat quickly, makes them long-lasting and easy to clean.

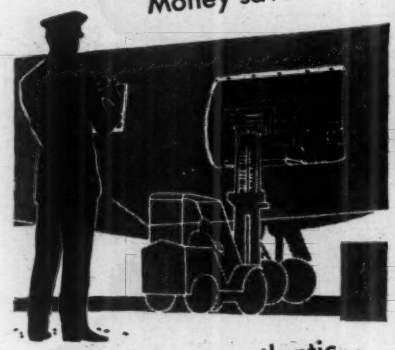
© 1955, T.I.N.Co.

INCO TRADE MARK

Inco Nickel...Your Unseen Friend

The INTERNATIONAL NICKEL COMPANY, Inc.

Time saved . . .
Money saved . . .



on exclusive transatlantic

CARGO COURIER SERVICE

It's an Airwork *exclusive* . . . a cargo expert on every flight guarantees careful handling and speedy clearance at destination. Save time, save money . . . get full advantage of lower packing, insurance and handling charges. Bulk cargo to 12 tons . . . on-time delivery anywhere in Europe.

AIRWORK ATLANTIC LIMITED . . . . . first scheduled transatlantic cargo-only service provided by Britain's leading independent air carrier, Airwork Limited. Founded 1928, Member International Air Transport Association, combines vast cargo experience of BLUE STAR and FURNESS WITHY international shipping lines.

ONE-CARRIER SERVICE

NEW YORK • MONTREAL • GANDER
SHANNON • GLASGOW • MANCHESTER • LONDON
FRANKFURT • ZURICH • BASEL • MILAN*

*subject Government approval

For further information, descriptive folder, bookings: call Your Forwarding Agent or

AIRWORK ATLANTIC LIMITED
75 West Street, New York 6, N. Y., DI 4-5910
"Airwork Works For You"

Is Red Army Going Home? Behind Pullback in Austria

At long last, Austrians see hope of getting back their freedom now that Russia wants to come to terms on a peace treaty.

Independence, finally offered by Moscow, isn't likely to make the Communists any more popular in Austria, though.

Reds are scarce in Austria. The voting shows that. Soviet Army, once it pulls out, will leave few friends behind.

VIENNA

For the first time since World War II, the Russian Communists are ready to pull their troops out of a European country.

It's still to be signed, sealed and delivered. "Jokers" may turn up in the fine print. But the Russians, who in the past have agreed to everything about an Austrian peace treaty except to get out of the country, finally have agreed to move out.

If the Russians stick to the agreement made in Moscow with Austrian officials it will mean this:

Russia will have to move about 35,000 troops out of Eastern Austria.

Russian troops are required by treaties to get out of Hungary and Rumania once they get out of Austria. But these two countries will not be free. They remain under Communist satellite governments, behind the Iron Curtain.

U. S. will pull its troops—about 8,000—out of Western Austria. Britain and France, with only a few hundred soldiers in the country, will move them out, too. That will leave the country to the Austrians.

Stalling tactics failed. A free Austria will be anti-Communist. That's certain. It is a major reason why the Russians stayed in Austria for 10 years, sat through 15 meetings of the Big Four Foreign Ministers and 260 meetings of their deputies, blocking an Austrian treaty.

Russia, since the war, has controlled two thirds of Austria's oil production, three fourths of the refining capacity, a Danube shipping company which runs Austria's river fleet, and some 1,200 enterprises ranging from steel mills to retail stores. Now the Russians promise to return such properties to Austria.

This country is only about as big as the State of Maine, has a population of 6.5 million. Vienna, its capital, once was the center of the great Austro-Hungarian Empire, but that Empire vanished in World War I. For 37 years Austria was a pawn of European politics.

—USIS

U. S. AND RUSSIAN TROOPS IN VIENNA
After a 10-year occupation, the end is in sight

Austria's people speak German. Adolf Hitler, Austrian-born, appealed to some Austrians. Nazi methods did the rest. Austria became a part of Germany. That union—the "anschluss" of 1938—is specifically banned in the treaty which was drawn up in 1949 and which Soviet Russia now promises to carry out.

At the end of World War II, Russian troops marched into Vienna. They forced the anti-Nazi leaders of Austria to take in the Austrian Communists as equal partners in a united provisional government.

The Allies, including Russia, recognized the new Government. Then, in November of 1945, the Austrians held free elections.

Elections a blow to Reds. Soviet Russia expected the Austrian Communists to make a good showing, especially in Eastern Austria where Soviet troops ran everything. They didn't. Instead, the Communists elected only five deputies out of 165. Communists got only 5 per cent of the popular vote. And the new Government of Austria dismissed the Communist Minister of Interior who commanded the country's police.

Since 1945, Austria has been stanchly non-Communist. The Soviet authorities in Eastern Austria required all the workers in the factories they took over from the Nazis to join Communist-controlled unions. Foremen had to join the party. But, whenever the Austrians voted, there were fewer votes for Communist candidates than there were "members" of the Austrian Communist Party.

Austrians have worked hard since the war and, economically, have done well. The country has rich deposits of iron ore and oil, plentiful timber and much hydroelectric power. Its economy is predominantly industrial. It imports food and raw materials; exports iron, steel, textiles, machine tools, chemicals and pharmaceutical products. Its trade balance is on the plus side, its currency is sound.

The Austrian tourist business has been booming in recent years. Many Americans have visited Vienna. Ski resorts in areas occupied by Western troops have been popular. When occupation ends, the Austrians expect still more tourists, but no more Soviet soldiers as visitors. Vienna will be out of bounds for them.

Aimed at Germany. For the Russians, a withdrawal from Austria is designed to have propaganda appeal in Germany. The Germans will be urged to "stay neutral" like Austria, to resist rearming, to reject an alliance with the West, to insist that U. S. troops go home.

For the Austrians, however, the withdrawal of Soviet troops from their little country after 10 years only demonstrates that it pays to vote against the Communists, to vote for freedom even under Russian occupation.

How a Baltimore Business Form keeps them selling

AT ABERCROMBIE & FITCH CO. NEW YORK CITY

Over the years, Abercrombie & Fitch Co., famous New York sports specialty store, has worked closely with Baltimore Business Forms with one purpose paramount: improving the store's salesbooks to reduce time consumed in filling them out, and to give the store's salespeople more time for actual *selling*.

First improvement, made some time ago, was to redesign sales checks so that printing runs across the greatest dimension—eliminating the problem of filing tall, narrow slips. This has been further improved by the use of NCR paper, which permits writing copies *without the use of carbon!* Hands don't get smudged; no time is lost interleaving carbons—the salesperson completes the sales check more quickly and gets to the next customer sooner.

What's the next improvement? That's hard to say, right now. But it's a cinch that Baltimore Business Forms will think of something! (Chances are, we can think of something to help *your* forms problem, too. Often one suggestion from us can save literally thousands of dollars. Use the coupon below to write us *today;* there's no obligation, of course.)

BALTIMORE BUSINESS FORMS

Saving time and reducing costs in business and industry

The Baltimore Salesbook Company

The Baltimore Salesbook Company, 3132 Frederick Avenue, Baltimore 29, Md.
We are interested in seeing samples of Baltimore Business Forms.

Name_____

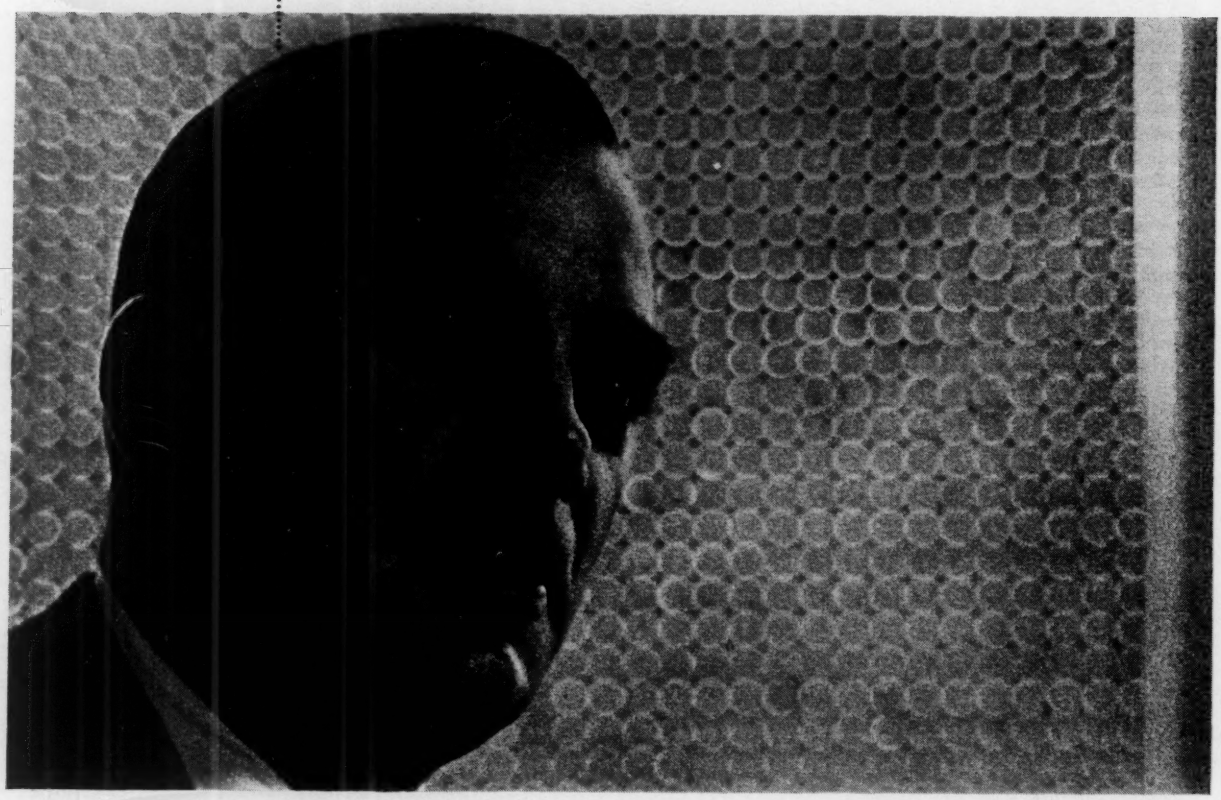
Company_____

Type of Business_____

Address_____

City_____ Zone_____ State_____

But I can't afford the kind of Microfilming equipment I need!



Now you can!

This new Micro-Twin recorder-reader costs less than you'd expect to pay for a recorder alone!

Here is the compact unit Bell & Howell has developed and produced to provide any ..... business with the advantages of modern microfilming . . . at a reasonable price.

The Micro-Twin combined recorder-and-reader gives you a complete low-cost microfilm system—*all in one unit*, at less than you'd expect to pay for a recorder alone! It records as fast as you can feed it—by hand or automatically. It photographs documents front and back simultaneously, if you wish . . . making 37 to 1 reductions inexpensively. Full-size facsimiles of documents can be made in the reader—developed without a darkroom.

Think of the many ways you can use microfilming, now that it's priced within your reach. For details, call our branch office listed in your telephone book. Burroughs Corporation, Detroit 32, Michigan.

Bell & Howell MICROFILM EQUIPMENT — SOLD AND SERVICED BY Burroughs

Burroughs

"Burroughs" and "Micro-Twin"—TM's

News YOU Can Use ®

IN YOUR PERSONAL PLANNING

24th and N Streets, N.W.
Washington, D. C.

An important deadline for tax payments on wages you pay people who work for you around the house comes up April 30. To overlook it can cause you trouble.

HOUSEHOLD EMPLOYES. What you need to be aware of is that many maids, baby-sitters, odd-jobs workers and other individuals employed by homeowners were brought into the Social Security program for the first time starting in January. Now the Social Security taxes on wages paid to them fall due April 30.

Note that it isn't a question of whether the individual wants to be included in a program that can provide retirement benefits. The law says that you, as the employer, are responsible for seeing that the full amount of the tax is paid to the Government. Willful failure to do so can mean a fine or jail.

PART-TIME HELP. Any household employe is covered, and the tax due, if you paid that person at least $50 during the three-month period that started last January 1. This would include a handyman you hired to paint your kitchen--or a baby-sitter or maid who came in from time to time. The old requirement that the individual had to work for you a certain number of days no longer applies; now the only test is the $50 wages figure.

TAXING WAGES. Only the cash you pay is subject to the tax. Thus, carfare is included but not car tokens or tickets; cash given as a Christmas present counts but not the value of meals or lodging you provide. And a special provision of the law says that, if you pay the employe's share of the tax, instead of withholding it from his wages, that doesn't have to be included.

Other pointers: Businessmen can include household help on the same form used for company employes. Others report on form SS-942, available at Internal Revenue Service offices and most post offices. The fact that your maid also works for someone else, and is taxed on what she earns there, doesn't relieve you from having to pay tax on wages she gets from you. If you find you'll be late making your return, better attach an explanation; otherwise you can get stuck with a penalty of from 5 to 25 per cent of the tax--with a minimum of $5.

HOUSING TASTES. An Oregon study points up how people's tastes in houses are changing; the trend may affect the future resale value of a house you plan to build or buy. A majority--62 per cent in the Oregon study--now are willing to buy a home without a basement; three years ago only 38 per cent would. More people now prefer living rooms at the back of the house, overlooking garden or

(over)

play areas instead of the street. Bathrooms placed back-to-back to save on plumbing costs now are preferred by 38 per cent, with 34 per cent wanting them separated. The remainder of those polled are willing to take a home with but one bathroom. Average-size house is in the 1,000-to-1,400-square-foot bracket. Hip-roof design is most popular, flat roof the least, except in subdivisions.

DIVORCES. The Supreme Court puts a clamp on a law of the Virgin Islands that made it possible to combine a quick divorce with a Caribbean vacation. The Court ruled that the Legislature of this U.S. possession lacked the authority to set up the easy-divorce law it did. Key point overthrown was the provision that, to get a divorce, a person who was a resident of the Islands for six weeks did not have to swear he intended to live there permanently.

TAX ON TEACHERS. Individuals who tutor private students and who also sometimes fill in as substitute teachers in public schools may have to pay Social Security taxes on earnings from both sources. As tutors, a new IRS ruling holds, they are considered self-employed; as public-school teachers, they are held to be employes. Paying tax on both types of earnings makes possible their qualifying for greater Social Security benefits. Double payment and larger benefits would result in States where teachers have voted to participate in the Social Security program and necessary arrangements have been made with the Federal Government.

DO-IT-YOURSELF HAZARDS. If you count yourself among the growing number of do-it-yourself fans, heed this warning voiced at a New York Safety Council convention: Disabling injuries among people doing their own home repairs are on the increase; last year they totaled 600,000. Ladders were involved most often in accidents, then carpentry hand tools and power tools. Also dangerous if done carelessly: using spray-type cans for paints and insecticides which may be harmful to breathe and which almost always are highly flammable.

VITAMINS. There's no advantage in trying to supercharge your body with vitamins and minerals it doesn't need, says L. A. Maynard, director of the School of Nutrition at Cornell University.

As a rule, he says, vitamins and minerals you take in that are in excess of your body's daily requirements merely pass through without doing you any good. Pills and diet supplements help individual deficiencies, but such cases are relatively rare and medical guidance is advisable, Professor Maynard adds.

The right kind of diet, from foods readily available, he says, will supply all the vitamins and minerals your body needs. Many people have bad food habits, though; for them, he suggests, vitamin supplements can be a temporary corrective--but no pill can substitute for a good diet.

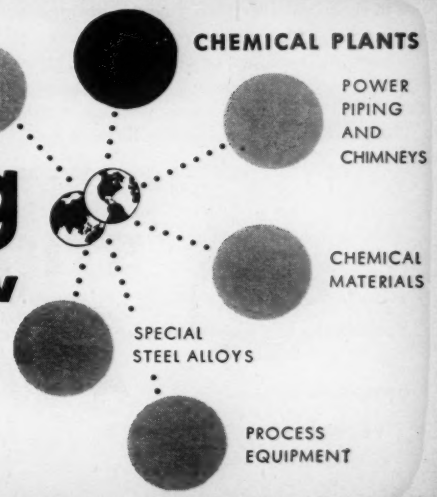
COLLEGE PREPARATION. The notion that students from private schools do better in college than graduates of public high schools is knocked down in a report on a study made for the Princeton University Counseling and Educational Testing Service. In a comparison of Princeton freshmen of similar ability, the study found, those from public high schools made substantially better grades than students from private schools. Also, it found that average freshman-year grades of the public-school students topped those of the private-school group.

Earth's Own Tonic for Tired Earth

Hundreds of thousands of acres of farmland in this country, and millions of acres abroad, are exhausted for the want of proper nourishment. Rapidly increasing populations demand more food, but there is less and less fertile ground in which to grow it.

Petroleum and natural gas can be sources of one of nature's most effective tonics for tired farmland—ammonia. Through modern petrochemistry, ammonia is one of the easiest and cheapest chemicals to produce anywhere in the world. One of its two components, nitrogen, is present everywhere in the atmosphere. Hydrogen, the other, can be economically derived from various abundant, low-cost materials—including crude petroleum, petroleum by-products, natural gas, and coal.

The M. W. Kellogg Company offers a number of processes for producing ammonia fertilizers, depending on the raw materials at hand. Your inquiries on ammonia or other petrochemical projects are cordially invited.



M.W. Kellogg

ENGINEERING FOR TOMORROW

THE M. W. KELLOGG COMPANY, NEW YORK 7, N. Y.

The Canadian Kellogg Company, Limited, Toronto • Kellogg International Corporation, London.

SUBSIDIARIES OF PULLMAN INCORPORATED

The boss says he never takes a vacation

... But I know he does!

"He's a high-pressure, hard-working guy whose first love is his job. Always on the go—never a sick day in his life. Bounds from meeting to meeting. And he travels a lot.

"He says he never takes a vacation. But I know better!

"You see, he almost always travels by *Pullman*. I know because *I* get his reservations and tickets. And when he gets back in town *I* can see how refreshed and rested he looks!

"That chance to *relax* on Pullman trips—to shrug off every last trace of business tension—is a *vacation in itself*. It's his chance to ease back in the diner or club car and enjoy good food and refreshment. To get a good night's sleep in a private room without a moment's worry about highway traffic hazards or weather.

"Yes, sir—I can *always* tell when he's had a vacation by *Pullman!*"

Take a Pullman vacation tonight! Feel that restful peace and quiet. It's America's finest, safest, surest, most comfortable, dependable form of travel!

Relax the miles away over a tempting, hot, freshly-cooked dinner—or your favorite refreshment. Then to bed, in a snow-white, king-size bed. Have a "rent-a-car" reserved for you at your destination, if you wish.

Memo to secretaries:

You're safe and sure when you travel by **Pullman**

©1955, The Pullman Company

NEWS-LINES

WHAT YOU AS A BUSINESSMAN ☑ CAN and ☒ CANNOT DO

as a result of recent court and administrative decisions

☑ **YOU CAN** tell your employes that a contemplated pay raise will not be given until after a pending ***representation election*** in your plant. The National Labor Relations Board finds that such a statement did not violate the Taft-Hartley Act, since it was not coercive and could be interpreted as a desire on the part of the employer not to influence the outcome of the election.

* * *

☑ **YOU CAN,** as a U. S. citizen living in a foreign country and receiving income from both foreign and American sources, deduct on your U. S. ***income tax return*** the full allowable amount of medical expenses. In this ruling, the Internal Revenue Service says that such an expense need not be apportioned between returns made to both the U. S. and foreign governments. The same rule applies to the real estate tax paid on your residence abroad.

* * *

☑ **YOU CAN** buy ***butter*** from the Government to make ghee or butter oil for export to India and Iran. The Department of Agriculture extends its special butter-use program to include the sale of surplus butter for this purpose. The butter will be sold on a bid basis.

* * *

☑ **YOU CAN,** as a fabricator of ***structural steel,*** disregard the trade-practice rules established by the Federal Trade Commission for your industry. The Commission drops these rules because it says they are obsolete and useless in the light of present conditions.

* * *

☑ **YOU CAN,** as an employer, forget about tax withholding for that part of a ***salesman's commissions*** which, under your understanding with him, represents an allowance or reimbursement for expenses. IRS says that such payments are not subject to withholding or Social Security taxes.

* * *

☒ **YOU CANNOT** fail to withhold taxes from amounts paid in satisfaction of a court judgment under the ***Wage Hour law*** for unpaid minimum wages or overtime. IRS holds that these

amounts are subject to withholding and Social Security taxes, when payment is made to the Wage-Hour Administrator for distribution to employes.

* * *

☒ **YOU CANNOT** refuse to give the ***bargaining union*** in your plant information about individual wage rates of employes that the union represents. The Supreme Court leaves in effect a lower-court finding that a union is entitled to this information under the Taft-Hartley Act.

* * *

☒ **YOU CANNOT** count on getting the National Labor Relations Board to delay a ***collective-bargaining election*** in your plant till employment becomes more stabilized. The Board turns down the request of one employer for such a postponement.

* * *

☒ **YOU CANNOT,** as a ***securities broker*** or dealer, avoid using a new formula in figuring the "net capital" of your business for purposes of the Securities Exchange Act. This new rule of the Securities and Exchange Commission becomes effective May 20.

* * *

☒ **YOU CANNOT** avoid answering an ***antitrust suit*** that is filed in a district where you sell and deliver your goods. A federal district court holds that it is not essential that a manufacturer solicit orders in a district where such a suit is brought, so long as he makes deliveries there.

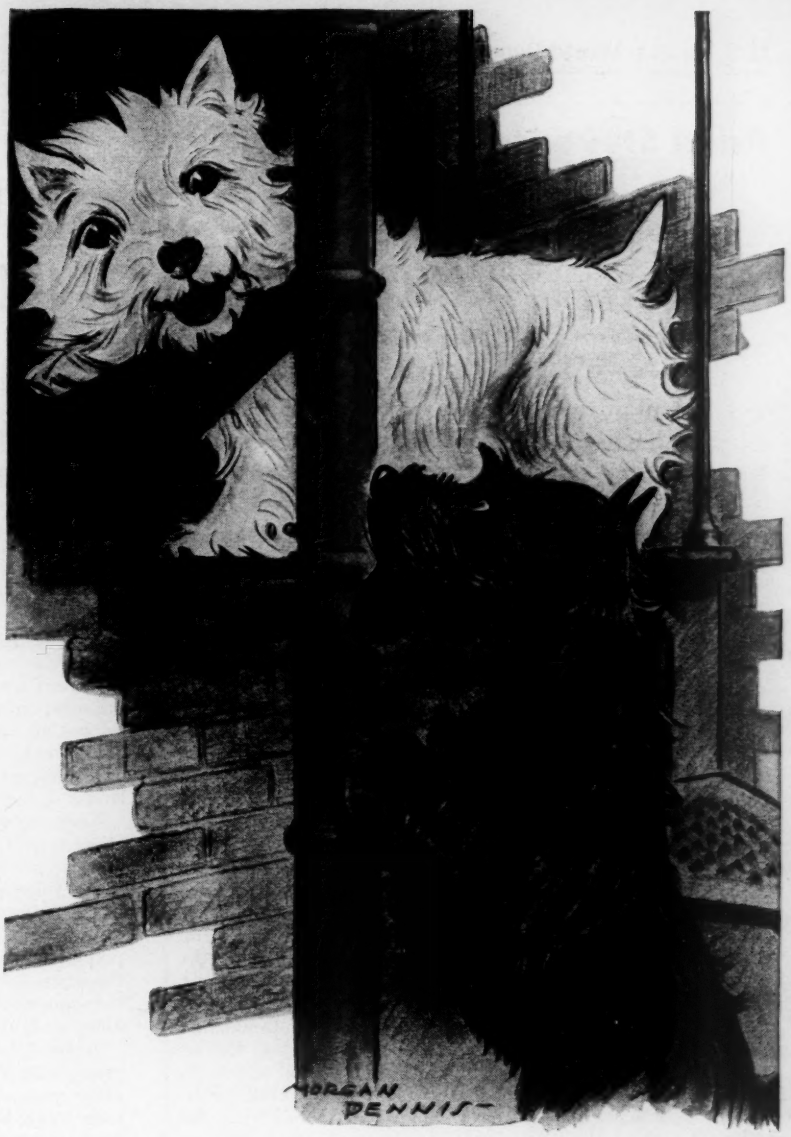
* * *

☒ **YOU CANNOT** get a federal court to compel a union to arbitrate a dispute even though your ***collective-bargaining contract*** with the union has an arbitration clause. A federal district court rules that it cannot force arbitration by either a union or an employer despite such a contract clause.

* * *

☒ **YOU CANNOT** ship the new Salk ***polio vaccine*** to any country, except Canada, without getting an export license from the Department of Commerce. In putting this restriction on foreign shipments of the vaccine, the Department says that the export control will remain until production is adequate to meet domestic and foreign demand.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*



Step Up!

The popularity of Black & White Scotch Whisky keeps right on going up, because its quality and character never change.

"BLACK & WHITE"

The Scotch with Character

BLENDED SCOTCH WHISKY 86.8 PROOF

THE FLEISCHMANN DISTILLING CORPORATION, N. Y. • SOLE DISTRIBUTORS

99

Adlai Stevenson on Asia Policy:

U.S. MUST GIVE UP "GO-IT-ALONEISM"

A plan to avoid war in the Formosa Strait has been put forward by Adlai Stevenson.

The titular head of the Democratic Party, in a speech, asks these questions:

• Are the Chinese offshore islands essential to U.S. security? Are they more important than this country's allies?

Then Mr. Stevenson goes on to say what he thinks President Eisenhower should do, together with other nations.

He also suggests an approach to Russia.

In what follows you get the details of Mr. Stevenson's plan. A reply, by Secretary of State Dulles, appears on the page opposite.

Following is the full text of a radio address by Adlai E. Stevenson on April 11, 1955:

I have not spoken to my fellow countrymen for more than four months. And I do so tonight only because I have been deeply disturbed by the recent course of events in the Far East and because many of you have asked for my views. I have waited until the first excitement about the islands, Quemoy and Matsu, has subsided and we can more calmly examine our situation in the Straits of Formosa and in Asia. Emotion in matters of national security is no substitute for intelligence, nor rigidity for prudence. To act coolly, intelligently and prudently in perilous circumstances is the test of a man—and also a nation.

Our common determination, Republicans and Democrats alike, is to avoid atomic war and achieve a just and lasting peace. We all agree on that, I think, but not on the ways and means to that end. And that's what I want to talk about —war, and ways and means to a peaceful solution in the present crisis.

When war lashed at us out of the skies over Pearl Harbor in 1941, we accepted that grim challenge with the conviction that we could at the end help forge a new world of peace and freedom. And tonight on this April evening, I remember that it was in April just 10 years ago that the largest conference in all diplomatic history met at San Francisco to write the Charter of the United Nations—a charter of liberation for the peoples of the earth from the scourge of war and want.

The spirit of San Francisco was one of optimism and boundless hope. The long night was lifting; Hitler's armies were on the eve of collapse; the war lords of Japan were tottering. Our hearts were high in that bright blue dawn of a new day—just 10 years ago.

But tonight, despite the uneasy truces in Korea and Indo-China, our country once again confronts the iron face of war—war that may be unlike anything that man has seen since the creation of the world, for the weapons man has created can destroy not only his present but his future as well. With the invention of the hydrogen bomb the human race has crossed one of the great watersheds of history, and mankind stands in new territory, in uncharted lands.

—United Press

MR. STEVENSON

The tragedy is that the possibility of war just now seems to hinge upon Quemoy and Matsu, small islands that lie almost as close to the coast of China as Staten Island does to New York. Why are we in this bleak situation? Why is all the world anxious?

Well, the implications of our country's recent Formosa policy cannot be overstated. But I shall not enlarge now on the injury it has done us and the confusion it has wrought, not only among the uncommitted nations of Asia, but among our allies in Europe.

In brief, having first "unleashed" General Chiang Kai-shek, presumably for attacks on the mainland, it appears that, after some sober second thoughts, President Eisenhower is now trying to releash him and return to the previous policy. Just a couple of months ago, when the Chinese Communists made menacing gestures at other coastal islands occupied by the Nationalists, our Government had the disagreeable task of forcing General Chiang to evacuate the Tachen islands which he had reinforced as a by-product of our own policy of encouraging the threat of invasion.

And today we find ourselves facing another difficult decision over the defense of the Quemoy and Matsu islands, also presumably fortified by the Chinese Nationalists with our approval and assistance. Having hinted at American intervention in Indo-China, and then done nothing; having forced Chiang Kai-shek to evacuate the Tachen islands; we now face the bitter consequences of our Government's Formosa policy once again; either another damaging and humiliating retreat, or else the hazard of war, modern war, unleashed not by necessity, not by strategic judgment, not by the honor of allies or for the defense of frontiers, but by a policy based more on political difficulties here

at home than the realities of our situation in Asia.

If we should withdraw under fire from the defense of these islands we again act the "paper tiger"; if we join in their defense we are at war, perhaps world war, without major allies and with most of public opinion in Asia and Europe against us.

Given these unhappy choices, it appears that President Eisenhower will decide what to do if and when the attack comes, depending on whether in his judgment it is just an attack on these islands or a prelude to an assault on Formosa. While our President has great military experience, perhaps it is not improper to ask whether any man can read the mind of an enemy within a few hours of such an attack and determine whether, at some later date, the enemy plans to go further and invade Formosa. Is it wise to allow the dread question of modern war to hinge upon such a guess? Moreover, it would seem to me difficult for any leader to make a rational, calculated decision under fire. In the explosion of emotion it is easy to be swept into war.

Now, the President, as usual, is getting a lot of advice these days, and I hope I'm not making his hard task harder. Many of his most influential associates—including the Republican Leader in the Senate [William F. Knowland, of California] and the chairman of the Republican Policy Committee [Senator Styles Bridges, of New Hampshire]—have been insisting that the President pledge us to the defense of these islands. They say that another bluff and backdown, another retreat in Asia, would add substance to what the Chinese Communists say about the U. S. being a "paper tiger."

Those who demand a pledge to go to war say that, having gone this far with Chiang Kai-shek, to let him down now when he is reinforcing these islands and preparing an all-out stand would deal a heavy blow to the morale of his forces and endanger the defenses of Formosa itself.

Now, there is undeniable merit to these and other arguments, but I must say in all candor that they seem to me overborne by the counterarguments, and I have the greatest misgivings about risking a third world war in defense of these little islands in which we would have neither the same legal justification nor the same support as in the defense of Formosa. They are different from Formosa. They have always belonged to China. But Formosa belonged to Japan and was ceded by the Japanese peace treaty. We have as much right to be there as anybody, except perhaps the real Formosans.

But, of course, the President's judgment must be final. He asked for and got from Congress the sole responsibility for making this decision. As Senator Lyndon Johnson, the Democratic Majority Leader, has said: "We are not going to take the responsibility out of the hands of the constitutional leader and try to arrogate it to ourselves." So the ultimate decision must rest with the constitutional leader, the President, our commander in chief. Yet, in a democratic community, he is entitled not only to the support, but also the informed judgment of his fellow countrymen.

"Critical Questions" on Islands

The President will have my prayers for his wisdom and fortitude in making this critical decision, if he must and when he must. I only hope that inflammatory advice in his party and his Administration does not unbalance his consideration of these critical questions:

Are the offshore islands essential to the security of the U. S.?

Are they, indeed, even essential to the defense of Formosa—which all Americans have been agreed upon since President Truman sent the Seventh Fleet there five years ago?

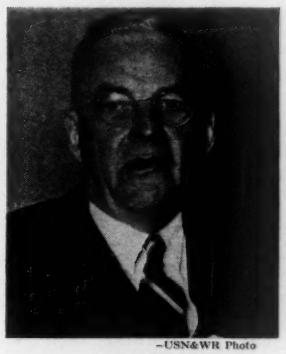
Or is it, as the Secretary of Defense says, that the loss

Mr. Dulles Answers Mr. Stevenson

At his news conference on April 12, Secretary of State John Foster Dulles made the following statement:

I have read Mr. Adlai Stevenson's speech. In relation to Formosa, he suggests, as original ideas, the very approaches which the Government has been and is actively exploring. The results we all want will not be advanced by publicly prodding friendly governments.

On one matter we seem sharply to differ. Mr. Stevenson speaks feelingly about our "allies." However, he forgets one ally, namely, the Republic of China. That alliance, originally created by President Roosevelt, was recently reaffirmed by our mutual-security treaty with the Republic of China. That was ratified a few weeks ago by an overwhelming, bipartisan vote of the Senate. It is upon the loyalty and resources of that ally that the free world must primarily depend for the defense of Formosa. Yet Mr. Stevenson seems to assume that that ally can be ignored and rebuffed.



–USN&WR Photo

MR. DULLES

Aside from this, Mr. Stevenson has in fact endorsed the main features of the Administration's program in relation to Formosa.

We seek peace, not war.

We are not committed to the defense of Quemoy and the Matsus except under the conditions which Congress has prescribed, namely, that their defense is required or appropriate in assuring the defense of Formosa itself.

We desire a United Nations "cease-fire" and have repeatedly made that clear.

We are seeking more free world support for the defense of Formosa.

Mr. Stevenson calls upon the Administration to "renounce go-it-aloneism." I am not certain whereof he speaks.

In Europe we helped to pick up the pieces of EDC [European Defense Community] and to forge a unity which promises to create a new Europe.

In Asia, we hammered out common policies which are embodied in the Manila Pact and the Pacific Charter, as well as other security treaties.

At Caracas, the nations of the Americas joined in an historic new policy of outlawing Communism in this hemisphere.

Never before in our history have we had so large a degree of peacetime co-operation in Europe, in Asia and in the Americas. This co-operation has not come about automatically. It has been forged out of constant personal exchanges of views with our friends and sustained diplomatic efforts to implement the lofty humane idealism of President Eisenhower.

. . . "Some politicians tell us that we don't need allies"

of Quemoy and Matsu would make no significant military difference?

Can they be defended without resort to nuclear weapons?

If not, while I know we now have the means to incinerate, to burn up, much of living China, and quickly, are we prepared to use such weapons to defend islands so tenuously related to American security?

Finally, are we prepared to shock and alienate not alone our traditional allies but most of the major non-Communist powers of Asia by going to war over Quemoy and Matsu, to which the United States has no color of claim and which are of questionable value to the defense of Formosa?

Are we, in short, prepared to face the prospects of war in the morass of China, possibly global war, standing almost alone in a sullen or hostile world?

These are the questions that must be answered, this time, I hope, with more concern for realities in Asia and for unity with our allies than for fantasies in Formosa and for placating implacable extremists in America.

At this late date there may be no wholly satisfactory way of resolving the dilemma we have stumbled into over the offshore islands. But if we learn something from this experience, if we realize at last that we have been pursuing a dead-end policy in Asia, then perhaps we can turn our present difficulties to good account and devise an approach more in keeping with the realities of Asia and of the hydrogen age.

And that causes me to say that the division of our coalition over these offshore islands, the weakening of "the grand alliance" of free nations pledged to stand together to defend themselves, is, in my judgment, a greater peril to enduring peace than the islands themselves.

I know some politicians who tell us that we don't need allies. Life would certainly be much simpler if that were so, for our friends can be highly irritating. But it is not so. We need allies because we have only 6 per cent of the world's population. We need them because the overseas air bases essential to our own security are on their territory. We need allies because they are the source of indispensable strategic materials. We need, above all, the moral strength that support of the world community alone can bring to our cause. Let us never underestimate the weight of moral opinion. It can be more penetrating than bullets, more durable than steel. It was a great general, Napoleon, who wrote that "in war, moral considerations are three quarters of the battle."

Should we be plunged into another great war, the maintenance of our alliances and the respect and good will of the uncommitted nations of Asia will be far more important to us than the possession of these offshore islands ever could be. Moreover, the maintenance of a united front is of vital importance to the defense of Formosa itself, since, in addition to the material and military support our friends might contribute toward the defense of Formosa, their moral support and the knowledge by the Communist leaders that they would be facing a united free world would be a much more effective deterrent to an assault on Formosa than is our present lonely and irresolute position on the offshore islands.

So it seems to me that to repair the broad breach in our ranks should be our first priority, for the supreme aim of the Peiping-Moscow axis is to drive a wedge between America and her friends and allies. To divide and conquer is not yet obsolete strategy.

How shall we mend the walls of our coalition? And is there any hope of a peaceful solution of the offshore-island question?

I think so. Senator [Walter F.] George, the chairman of the Foreign Relations Committee, has recently pointed the way: "We nations of the free world must understand each other, and reach a measure of unity before any hopeful approach can be made to a re-examination of . . . our Far Eastern problems."

And Governor [W. Averell] Harriman of New York, long familiar with the problems of maintaining a coalition, warned us the other day that in Asia "the whole world is a party at interest, and that it has been not only illogical but deadly dangerous to arrogate to ourselves the sole responsibility for decisions which involve the future of many peoples."

Needed: "Open Declaration"

So I would urge our Government to promptly consult our friends, yes, and the uncommitted states too, and ask them all to join with us in an open declaration condemning the use of force in the Formosa Strait, and agreeing to stand with us in the defense of Formosa against any aggression, pending some final settlement of its status—by independence, neutralization, trusteeship, plebiscite, or whatever is wisest.

Nor do I see any reason why we should not invite Soviet Russia, which is united by treaty with Red China, to declare its position, to indicate whether it prefers the possibility of ultimate settlement by agreement to an unpredictable, perhaps limitless, conflict, started by an arrogant, foolhardy Communist China either by miscalculation or by design.

With the assurance provided by such a common position concurred in by the nations whose weight and prestige are essential to the ultimate success of any Formosan policy, neither we nor General Chiang Kai-shek should any longer need to rely upon a militarily precarious position in these little offshore islands to resist the aggressive ambitions of the Chinese Communists toward Formosa.

With such an international declaration denouncing the use of force; with such collective support for the defense of Formosa; with the addition thereby of moral solidarity to military strength in Formosa, I should think Quemoy and Matsu would have little further importance to the Nationalists, let alone to us.

Diplomacy prescribes no rigid formula for accomplishing our objectives, and another major avenue in the quest for a peaceful solution in the Far East remains unexplored: the United Nations. I should think that the United States, together with friends and allies in Europe and Asia, could submit a resolution to the United Nations General Assembly, calling upon the Assembly likewise to condemn any effort to alter the present status of Formosa by force. And I think we could afford to go further and call upon the United Nations Assembly to seek a formula for the permanent future of Formosa, consistent with the wishes of its people, with international law, and with world security.

One of the weaknesses of our position is that we have been making Formosa policy as we thought best, regardless of others. But we can't expect other nations to always support policies they disagree with. We can persuade, but we can't coerce. And one of the advantages of joint action would be to put Formosa policy on a much broader basis. In the eyes of the Asian nations we would thereby achieve a consistent and morally unquestionable position in providing for the protection of the Formosans according to the principles and ideals of international law. In the eyes of our European friends and allies, we would once more have asserted our full belief in the value, indeed in the indispensability, of maintaining the alliance of the free world against the slave world. And in

. . . "Domestic politics should not enter our foreign affairs"

the eyes of our Nationalist friends on Formosa, surely the understanding and support of the bulk of the non-Communist world is a much stronger defense of Formosa than these islands can possibly be.

But if the Chinese Communists refuse, if they insist on force and reject any peaceful solution, then, at least, it would be clear to everyone who the aggressors were. And, clearly, if the Chinese are so bent on violence, so intoxicated by their success, so indifferent to the grisly realities of modern war, then we have no alternative but to meet force with force. But let us at least meet it with our allies beside us and the blame placed squarely where it belongs—not on America's fantasies and inflexibility, but on the unteachable and unquenchable ambition and the indifference to human life of China's Communist regime.

So to repairing the cracks in our walls and recapturing lost confidence I would attach the first priority. And, to profit from this unhappy experience, we might ask ourselves how we ever got in this position, how the prestige and honor of the great United States, not to mention the peace of the world, could be staked on some little islands within the shadow of the China coast in which we have no claim or interest.

The answer, of course, is that we have been making Formosa policy lately not only on a unilateral basis but more on considerations of domestic political expediency than foreign realities. Domestic politics should not enter our foreign affairs, least of all factional conflict between the two wings of the President's party, but they have, and too often our hot and cold vacillating behavior abroad has reflected efforts to please both the views that divide our government and the Republican Party, especially on Far Eastern policy.

While I do not belittle some recent achievements in the foreign field, too much of our foreign policy of late has disclosed a yawning gap between what we say and what we do—between our words and deeds.

For example, you remember that as the Communist pressure rose in Indo-China just a year ago, so did our warlike, menacing words. The Vice President of the United States even talked of sending American soldiers to fight on the mainland of Asia. But what happened? Nothing.

Likewise all the bold, brave talk about "liberation" of the peoples behind the Iron Curtain has long since evaporated, with the loss of half of Vietnam and of our prestige and influence.

So also we hear no more of last year's dire threats of instantaneous and massive atomic retaliation. Instead, the President has spoken lately of pinpoint retaliation with tactical weapons. I fear, however, that the psychological effect of the use of atomic weapons, large or small, will be unfortunate.

"Massive Verbal Retaliation"

But there has been plenty of massive verbal retaliation, and the Administration's policy of extravagant words has alarmed our friends a good deal more than it has deterred the aggressors. For our Allies assumed that the great United States meant what it said, and it seems to me that, when you compare what we have said with what we have done during the past two years, it is little wonder that Secretary of State Dulles is fearful lest the Chinese Communists really do think that the U. S. is a "paper tiger."

Now let me be clear. I am not criticizing the Administration for abandoning these extravagant positions; I am criticizing it for taking such positions, for making threats which it is not prepared to back up, for bluffing and undermining faith in the United States.

Another example of these winged words, as we have seen, was President Eisenhower's dramatic announcement two years ago that he was unleashing Chiang Kai-shek, taking the wraps off him, presumably for an attack on the mainland to reconquer China. We need not speculate on the President's reasons for thus serving notice on Communist China and the whole world that Formosa was now free to resume the civil war. However, it was apparent to everyone else, if not to us, that such an invasion across 100 miles of water by a small, over-age, underequipped army against perhaps the largest

—Wide World

NATIONALIST SOLDIERS: Mr. Stevenson believes that the President is trying to "releash" them

army and the largest nation on earth could not possibly succeed without all-out support from the United States.

Since it seemed incredible to sober, thoughtful people that the Government of the United States could be bluffing on such a matter, the President's "unleashing" policy has caused widespread anxiety that we planned to support a major war with China which might involve the Soviet Union. Hence we find ourselves where we are today—on Quemoy and Matsu—alone.

What, then, are the lessons to be drawn from the past two years?

In the first place, I think we should abandon, once and for all, the policy of wishful thinking and wishful talking, the policy of big words and little deeds.

We must renounce go-it-aloneism.

We shall have to face the fact that General Chiang's Army

. . . "Too often the sound from Washington is the call to arms"

cannot invade the mainland unless we are prepared to accept enormous burdens and risk—alone.

The world will respect us for recognizing mistakes and correcting them. But if our present posture in the offshore islands, for example, is a wrong one, who will respect us for stubbornly persisting in it? Our friends have made it clear that so long as fantasy, rigidity and domestic politics seem to stand in the way of peaceful Formosa settlement, they will not support us if, in spite of our endeavors, a conflict should break out. If we cease to deceive ourselves over the hard realities of power in the Formosa situation we shall have taken the first step towards our first essential—the restoration of unity of purpose and action between ourselves and our allies in the free world.

So, finally, let us face the fact that keeping friends these days calls for more statesmanship than challenging enemies, and the cause of world peace transcends any domestic political considerations.

But, preoccupied as we all are with the immediate problem of these islands, we must try to keep things in perspective somehow and not lose sight of our main objectives. For beyond Quemoy and Matsu, and even Formosa, lie the urgent and larger problems of Asia—the growing attraction of enormous, reawakened China, the struggle of the underdeveloped countries to improve their condition and keep their independence and the grave misgivings about America.

If for today the best hope for the world is a kind of atomic balance, the decisive battle in the struggle against aggression may be fought not on battlefields but in the minds of men, and the area of decision may well be out there among the uncommitted peoples of Asia and Africa who look and listen and who must, in the main, judge us by what we say and do.

It is not only over the offshore islands crisis that we need a new sense of direction and to mend our fences. Too often of late we have turned to the world a face of obdurate military power. Too often the sound they hear from Washington is the call to arms, the rattling of the saber. Too often our constructive, helpful economic programs have been obscured, our good done by stealth. Thus have we Americans, the most peaceful and generous people on earth, been made to appear hard, belligerent and careless of those very qualities of humanity, which, in fact, we value most. The picture of America—the kindly, generous, deeply pacific people who are really America—has been clouded in the world, to the comfort of the aggressors and the dismay of our friends.

As best as we can, let us correct this distorted impression, for we will win no hearts and minds in the new Asia by uttering louder threats and brandishing bigger swords. The fact is that we have not created excess military strength. The fact is that, compared to freedom's enemies, we have created if anything too little; the trouble is that we have tried to cover our deficiencies with bold words and have thus obscured our peaceful purposes and our ultimate reliance on quiet firmness rather than bluster and vacillation, on wisdom rather than warnings, on forbearance rather than dictation.

"The True Face of America"

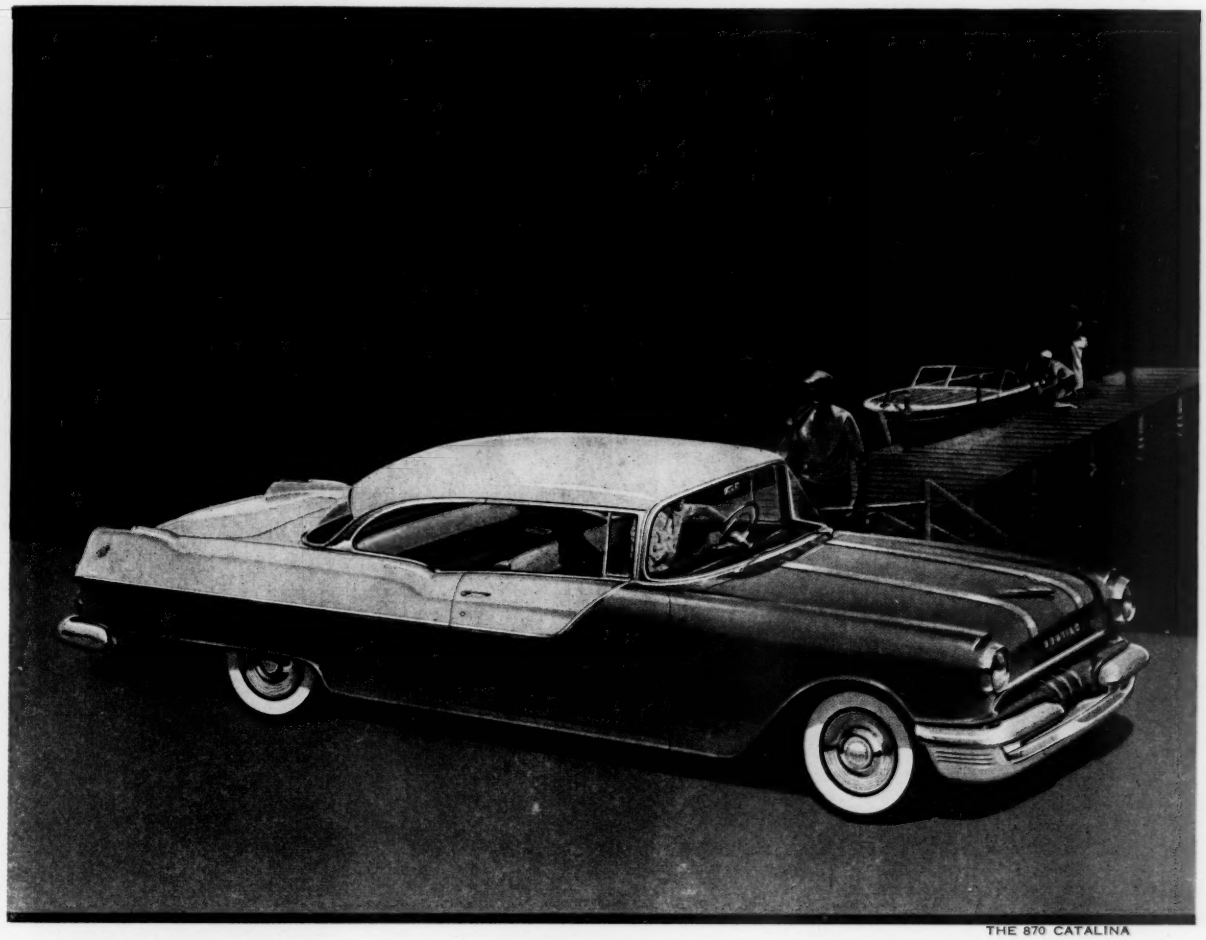
We will be welcome to the sensitive people of Asia, not as soldiers, but as engineers and doctors and agricultural experts, coming to build, to help, to heal. Point Four was an idea far more stirring, far more powerful, than all the slogans about "liberation" and "retaliation" and "unleashing" rolled together. Let us present once more the true face of America—warm and modest and friendly, dedicated to the welfare of all mankind, and demanding nothing except a chance for all to live and let live, to grow and govern as they wish, free from interference, free from intimidation, free from fear.

Let this be the American mission in the hydrogen age. Let us stop slandering ourselves and appear before the world once again—as we really are—as friends, not as masters; as apostles of principle, not of power; in humility, not arrogance; as champions of peace, not as harbingers of war. For our strength lies not alone in our proving grounds and our stockpiles but in our ideals, our goals and their universal appeal to men of all faiths struggling to breathe free.

—United Press

CHIANG REVIEWS HIS TROOPS. Mr. Stevenson comments: "General Chiang's Army cannot invade the mainland unless we are prepared to accept enormous burdens and risk—alone"

Matchless Distinction... Fabulous Performance!



THE 870 CATALINA

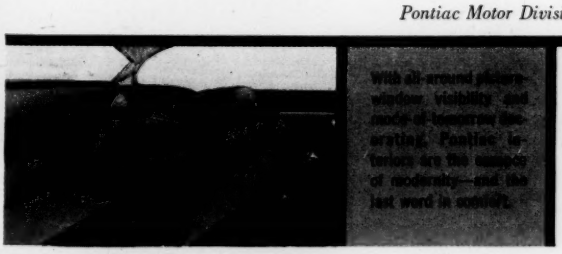
Pontiac owners tell us that the finest thrills of a motoring lifetime are those that follow delivery of a new Pontiac. All the expected delights of new-car ownership are wondrously increased. Driving is twice the fun—an exciting all-new source of pride and pleasure again!

That's good to hear because that is exactly why we gave this Pontiac such dashing beauty . . . made it so smartly low . . . built it big as high-priced cars . . . adorned it with exclusive Vogue Two-Tone styling . . . and devised interiors of luxury and distinction that, like its styling, won't be matched by any car at any price.

And that, too, is why we created an engine and chassis unsurpassed in their field! Strato-Streak V-8 performance is completely removed from the commonplace—as are Pontiac's luxury ride and sports car handling ease. More power per dollar than any car of its price—*more take-off punch, more passing drive, more years of smooth performance*—these are some of the spectacular results that fill every mile and minute with all-new driving thrills.

If we've described your kind of car, here's more good news. *Prices begin with the very lowest.* See your dealer—drive and price a Pontiac, today!

Pontiac Motor Division of General Motors Corporation

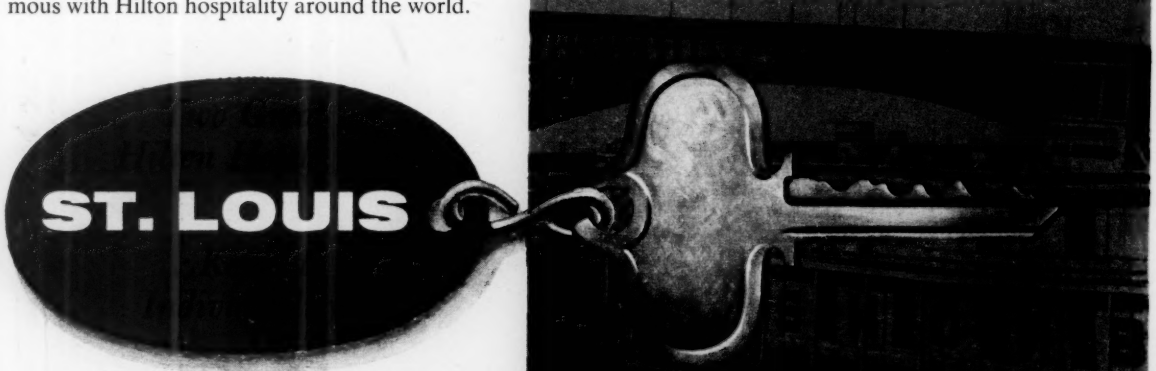


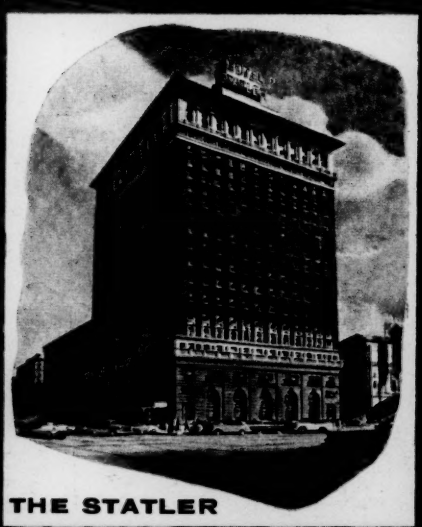
Pontiac

WITH THE SENSATIONAL STRATO-STREAK V-8

Visitors to St. Louis will find friendly Hilton hospitality at the charming Jefferson, the largest hotel in the city, and at the conveniently-located Statler, in the heart of the downtown area. Whether you come to St. Louis on a business or pleasure trip, you will enjoy the comfortable air-conditioned rooms, delicious food, efficient service and excellent value which are offered by these two fine Hilton Hotels. Friends of The Statler may rest assured that under Hilton ownership the character and individuality of this famous hotel will remain unchanged. As a member of the Hilton family The Statler will be greatly enhanced in quality, and it will reflect the high standards which are synonymous with Hilton hospitality around the world.

THE JEFFERSON





THE STATLER

HILTON HOTELS

In New York: The Waldorf-Astoria, The Plaza, The Roosevelt, The New Yorker • *In Chicago:* Palmer House, The Conrad Hilton *In Washington, D. C.:* The Mayflower • *In St. Louis, Mo.:* The Jefferson • *In Dayton, Ohio:* The Dayton Biltmore • *In Columbus, Ohio:* The Deshler Hilton • *In Los Angeles:* The Town House *In Houston, Texas:* The Shamrock • *In El Paso, Texas:* The Hilton Hotel • *In Fort Worth, Texas:* The Hilton Hotel • *In Albuquerque, New Mexico:* The Hilton Hotel • *In Chihuahua, Mexico:* The Palacio Hilton • *In San Juan, Puerto Rico:* The Caribe Hilton • *In Madrid, Spain:* The Castellana Hilton

STATLER HOTELS

In New York, Washington, Boston, Hartford, Buffalo, Cleveland, Detroit, St. Louis and Los Angeles

HOTELS UNDER CONSTRUCTION

In Istanbul, Turkey: (Opening Spring, 1955)
In Beverly Hills, California: (Opening Summer, 1955)
In Dallas, Texas: (Opening Fall, 1955)

RESERVATIONS for room accommodations at all Hilton Hotels and Statler Hotels can now be made by simply contacting an Assistant Manager of any hotel in the group.

Hilton Hotels THE WORLD AROUND

Executive Offices *Chicago 5, Ill.*

Conrad N. Hilton
PRESIDENT

A Year-Long Strike— Yet Company Keeps Going

This is the story of a strike that began a year ago and shows no sign of ending. Both sides are still full of fight.

The company continues to turn out goods, and the union supports the strikers. Production has gone on with few breaks.

A Governor who once was active in the company has tried, with no success, to get a settlement.

KOHLER, Wis.

On April 5, 1954, members of a CIO union walked off their jobs in this "model" Wisconsin industrial community, and shut down the Kohler Company, one of the country's major producers of plumbing fixtures.

Now, one year later, that strike is still going on, with the following results:

• All plants of the company are running. Production is substantial and increasing. In fact, operation has been continuous for most of the time since the strike began.

• Despite the strike, the company reports that it operated at a profit last year and still is making money.

• Strikers, according to the company's estimates, have lost 10 million dollars in pay. Some workers have returned to their jobs, but the present force is made up mainly of nonunion men and women recruited from nearby towns and country districts.

• The United Auto Workers, which called the strike, is supporting those strikers who need help. Already, the international organization has contributed 3.75 million dollars in strike assistance, and local unions of the UAW have passed the hat for another $500,000.

• Strikers who have not gone to work are receiving $25 a week in cash from the union, plus grocery orders and funds with which to meet mortgage payments, rent and utility bills.

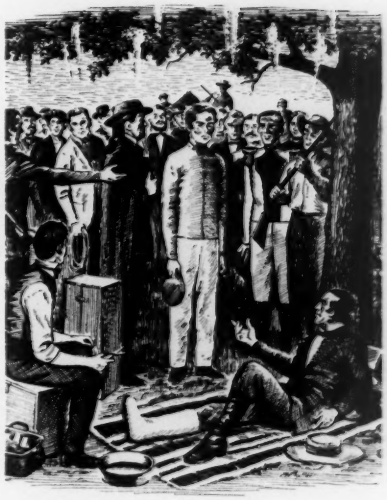
• No end to the strike is in sight. There are those in the community who say it may go on for another couple of years. Neither side is showing any disposition to yield, and the company has found it possible to keep on doing business. Both union and management are predicting they will win out in the end.

Family business. Kohler is a well-known name in Wisconsin. Walter J. Kohler, Jr., is the State's present Governor; his father, the late Walter J. Kohler, Sr., was Governor in 1929-30. Walter Kohler, Sr., once headed the Kohler company, and his son formerly was an offi-

(Continued on page 108)

—The Auto Worker

PROTEST MEETING OF UNION MEMBERS
It came after the company fired 90 strikers



1836 . . . the year Texas won its independence . . . the year we began making this great Kentucky Bourbon

YELLOWSTONE

Through the years this Bourbon has been hand made for the few rather than the many. Only recently has it become available nation-wide. Ask for YELLOWSTONE . . . the only Kentucky Bourbon labeled "THE GREATEST AMERICAN WHISKEY".

100 PROOF
BOTTLED IN BOND

ALSO AVAILABLE IN 90 AND 86 PROOF

YELLOWSTONE, INC., LOUISVILLE, KY.

EVERY OFFICE
should have at least one!

The new Smith-Corona *Carbon-Ribbon* Typewriter

A "write" equalling machines costing hundreds of dollars more!

With this *Carbon-Ribbon* you get an amazingly clean, crisp, print-perfect quality of "write" for executive letters, reports and special presentations. Yet the cost is only $42.50 more than the corresponding "Eighty-Eight" Secretarial. More than that—it's the low-cost answer to preparing, right in your own office, copy for reproduction by offset, multilith, and other duplicating methods. Letter-perfect, print-perfect results.

Carbon ribbon and conventional fabric ribbon are quickly and easily interchanged. Here is a truly dual-purpose typewriter that solves many office problems, at low cost.

See and try it in your own office . . .

Call any Smith-Corona Full-Line Dealer or Branch Office (see your Classified Telephone Directory)

At the same time see the All-New Smith-Corona "Eighty-Eight" SECRETARIAL— for feather-light touch, smooth and responsive action.

Smith-Corona Inc Syracuse 1 N Y Factories also in Toronto, Brussels and Johannesburg

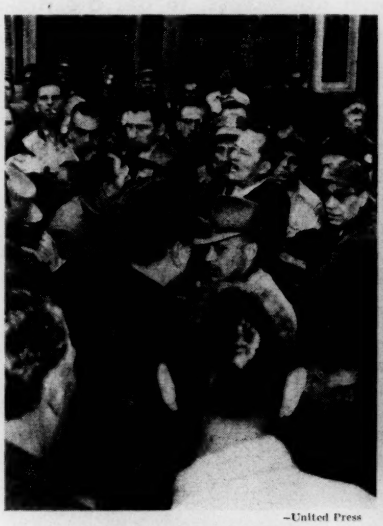
Kohler company feared power to an outsider . . .

cer. The latter sold his interests some time ago. Herbert V. Kohler, an uncle of the present Governor, now is head of the company.

As Governor, Walter, Jr., has sought, without success, to bring the strike to an end. He proposed that the hottest issues be arbitrated, but his uncle, Herbert Kohler, rejected the proposal on behalf of the company.

The Governor's plan called for arbitration of such points as wages and union security. But his uncle's company took the position that to do so would give an outsider authority to manage Kohler's business.

Specific issues in the contract dispute have now been buried in broader differences between company and union. The Kohler management views the strike as a contest over an employer's right to run his own company. The UAW charges that the company is trying to destroy the union.



—United Press

1954: MASS PICKETING
The State cracked down

How it started. Historically, the Kohler operation—a privately owned corporation—has been nonunion. The UAW got into its plants only three years ago.

Back in 1934, the AFL tried to organize the plant. A strike was broken after rioting in which two persons were killed, 46 injured.

For a number of years, an "independent" union flourished in the plants. It managed to beat off several efforts by international unions to move in.

Finally, in 1952, the UAW won a bargaining election and, eight months later,

... Picketing, "intimidation" start of the strike

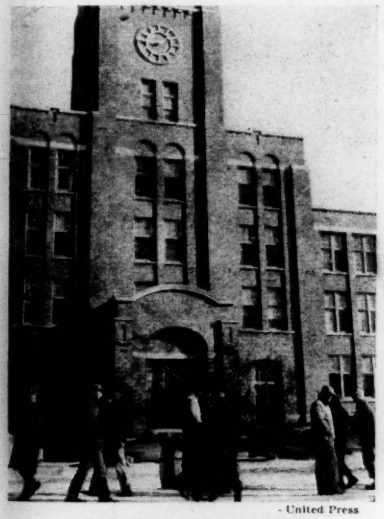
a contract with Kohler. When this contract expired in 1954, the union demanded "improvements": a maintenance-of-membership clause, arbitration of discharges and layoffs, and a pay increase.

The Kohler Company resisted these demands, and the strike began.

Before the strike, the Kohler work force numbered 3,400 production employes, of whom 2,600 belonged to the United Auto Workers. The rest were nonunion.

Today, the Kohler Company reports, the work force is close to 3,000. The union disputes this figure, putting the number at 1,900.

Besides plumbing fixtures, these workers are employed on manufacture of elec-



- United Press

1955: PEACEFUL PICKETS
No end is in sight

tric generators, gasoline engines, aircraft parts and artillery shells.

Strike tactics. Lusty action has characterized the strike from the start. The union at once resorted to mass picketing. It threw as many as 2,500 men and women on picket lines, blocked all entrances to the plant and forced a complete shutdown for weeks.

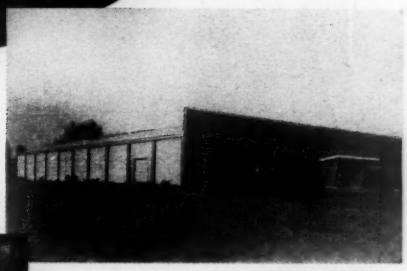
The company, however, took advantage of Wisconsin labor laws which, it charged, were violated by mass picketing and other tactics of "intimidation." The Wisconsin Employment Relations Board agreed and mass picketing had to be called off.

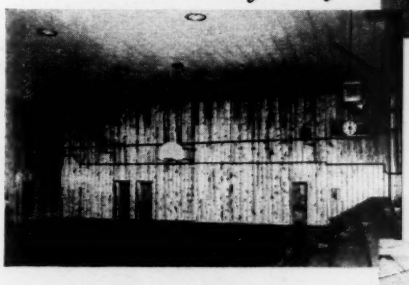
The union reduced the total number of pickets to about 200, and limited the number at each plant gate.

(Continued on page 110)

LOOK HOW
precision-engineered
STRAN-STEEL BUILDINGS
can work for you

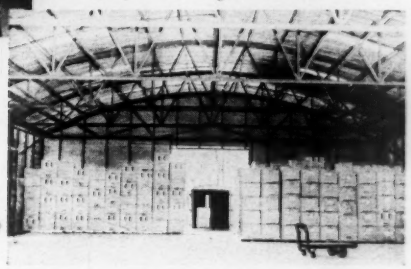
As a modern, economical factory





... as an attractive, easy-to-erect gymnasium

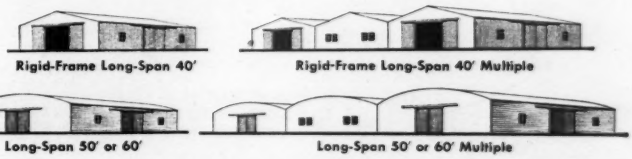
... as a streamlined, non-combustible warehouse



... here's what you get with Stran-Steel Buildings

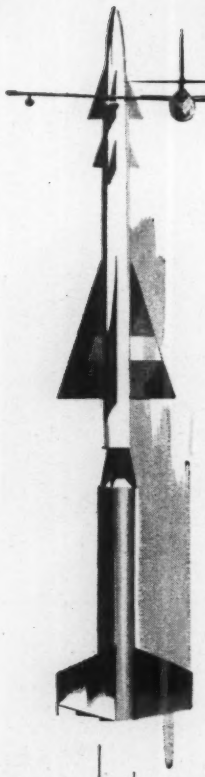
- Permanent all-steel construction with high quality galvanized sheets.
- Stran-Steel NAILABLE framing members.
- Fast, easy erection at low cost per sq. ft.
- Ease of insulation and adaptability to your specifications.
- Sliding and walk-in doors, sash, louvers, and other accessories available with building.

The Stran-Steel Dealer in your vicinity can give you immediate service. Call him or write us for his address.



Stran-Steel Division
GREAT LAKES STEEL CORPORATION
Ecorse, Detroit 29, Michigan • A Unit of
NATIONAL STEEL CORPORATION

The SEEING ARROWS of our aerial defense



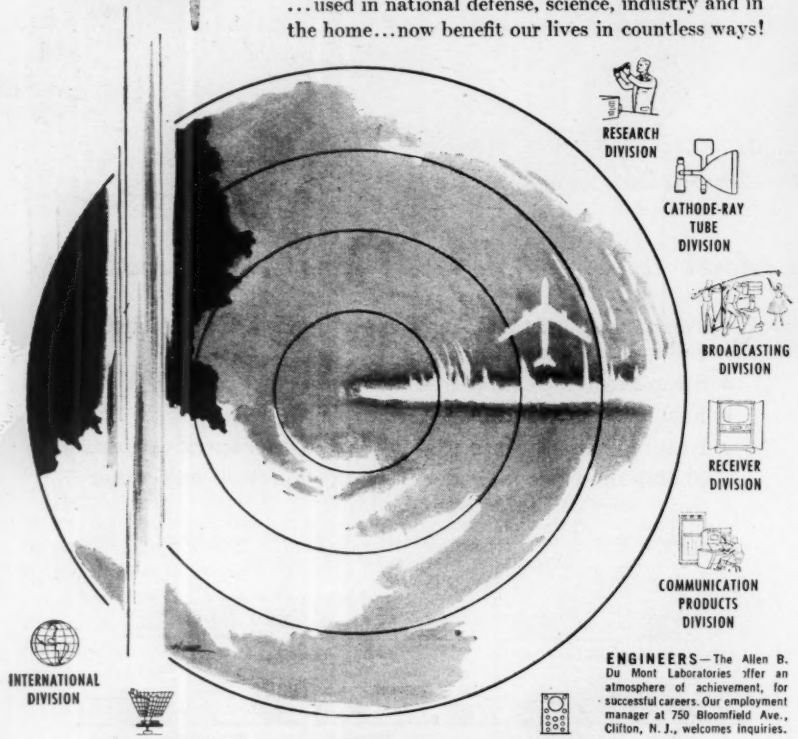
From the soaring vision of Du Mont came the cathode-ray tube which made possible developments leading to all our new guided missiles of air, land and sea. In our national defense, these "seeing arrows" may someday save millions of lives...

Flying pilotless at supersonic speeds, the now famous Nike and other new missiles can seek out and destroy any present-day attacking aircraft! How? By electronic response to radar direction and by other wonderful televisual and computing circuits.

And do you know about the new "seeing shields" which direct these "seeing arrows"? The latest supersensitive radar can picture the size, number, changing speeds, heights and directions of a possible aerial invader from 200 miles and more away! *And it screens our hemisphere today!*

There is Du Mont research behind *all* U. S. radar. *And Du Mont cathode-ray tubes for radar have been called "the best," in a postwar report by one of the leading government laboratories of national defense.*

Continuing Du Mont research and development in *all* phases of televisual electronics results in products of the *finest precision* and *reliability*. These products ...used in national defense, science, industry and in the home...now benefit our lives in countless ways!



ENGINEERS—The Allen B. Du Mont Laboratories offer an atmosphere of achievement, for successful careers. Our employment manager at 750 Bloomfield Ave., Clifton, N. J., welcomes inquiries.

VISION IS THE DU MONT® DIMENSION

First with the Finest in Television

Allen B. Du Mont Laboratories, Inc. Executive Offices, 750 Bloomfield Avenue, Clifton, N. J.

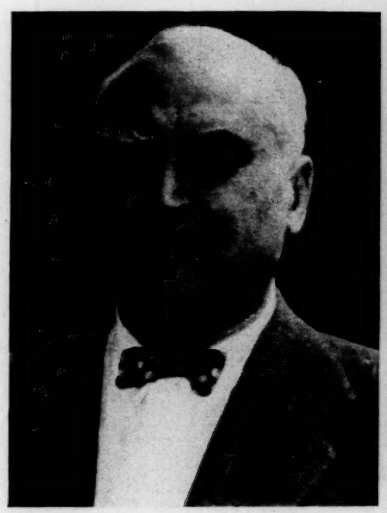
...Union relies on case before National Labor Board

Thus, it became possible for the company to bring in nonunion workers, and to rehire a certain number of strikers who wanted to come back.

Ordinarily, the company and its nonunion workers might now be expected to move to oust the union from the Kohler plants, and go their own way. In fact, not a few people in this area have expected this to happen.

Such a move is precluded, however, for some time, because of issues pending before the National Labor Relations Board.

While the company has been building up its working force and its production, and depending on Wisconsin law to protect its interests, the union has been putting together a case before the National Board. It is trying to prove unfair labor practices by the company.



HERBERT V. KOHLER
... all plants are running

Until NLRB decides this issue, any new proceedings to alter the status of the union are ruled out. Such a decision appears to be at least two years distant.

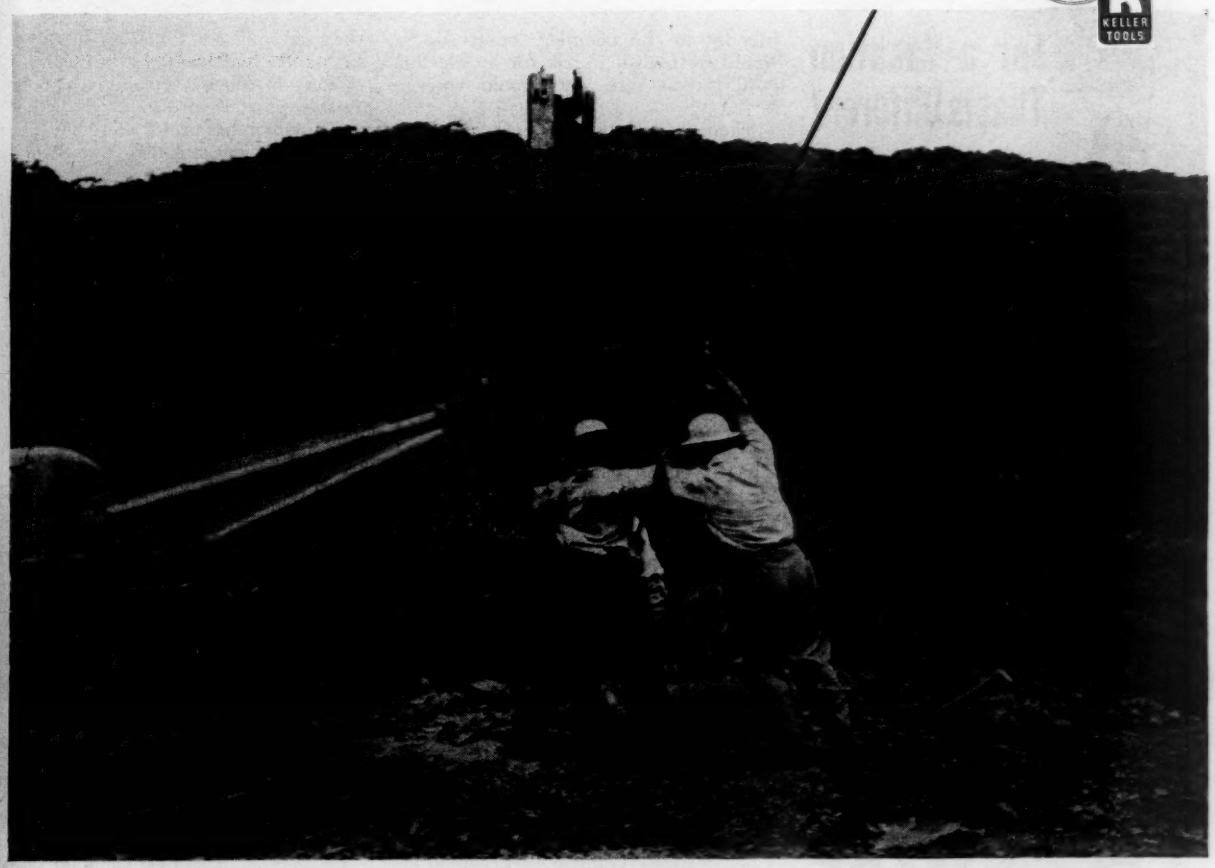
What's ahead. Even if the National Labor Relations Board permits a new election in the plant, such a vote could be risky for Kohler.

In the event of a final decision holding that unfair labor practices had caused or prolonged the strike, the strikers would be allowed to vote, but the workers hired to replace them might not.

In that case, the UAW might again carry the election. Thus, as one person

(Continued on page 112)

Gardner-Denver MAKES AIR DO MORE AT LESS COST



Lowering drill steel for tractor-mounted Gardner-Denver blast-hole drilling rig at the Panama Canal.

PANAMA CANAL BLOCKADE PREVENTED

...another example of GARDNER-DENVER experience

Treacherous Contractors' Hill, bordering the Panama Canal, was cracking apart. Two and a half million cubic yards of rock and dirt threatened to slide into the big ditch and block ship traffic for a full year. Stabilizing the slide—removing the dangerous overhang—was an emergency job calling for the finest engineering brains and the most efficient equipment. And, as so often happens on big projects, Gardner-Denver was in the picture.

It's a 96-year habit with Gardner-Denver—keeping abreast of changing needs in a wide variety of industries . . . using field experience to design equipment that does the job faster, easier and at less cost. Engineering research—engineering progress—is a *constant* process with Gardner-Denver. That is why so many large companies—and countless small ones—call Gardner-Denver first. Gardner-Denver Company, Quincy, Illinois.

THE QUALITY LEADER IN COMPRESSORS, PUMPS, ROCK DRILLS AND AIR TOOLS FOR CONSTRUCTION, MINING, PETROLEUM AND GENERAL INDUSTRY

For a Vacation That is Different

Come to La Province de Québec

Every member of the family will enjoy their Québec vacations. Visit metropolitan Montréal, Québec — America's only walled city, the renowned shrine and sanctuaries.

Fish and swim in the beautiful lakes and rivers of the Laurentian Mountains, the Eastern Townships, the Gaspé Peninsula. Everywhere in French-Canada you will enjoy old-time hospitality and cuisine in comfortable modern inns and hotels.

To help plan your vacation, write for free road maps and booklets to: Provincial Publicity Bureau, Parliament Buildings, Québec City, Canada; or—48 Rockefeller Plaza, New York 20, N.Y.

La Province de Québec

BEST $5 INVESTMENT I EVER MADE

By a Barron's Subscriber

One of the most profitable moves of my investing experience cost me only $5. For this small sum I began to acquire an asset that has brought me untold benefits.

I mean the *knowledge of investment values* I've gained by subscribing to Barron's National Business and Financial Weekly.

This has helped me do a better job of separating good investments from bad investments. I have built my capital and increased my investment income. I have gained greater peace of mind financially.

This story exemplifies how Barron's serves its readers. There is no other business or investment publication like it. It is written for *the man who makes up his own mind about his own money.* It is the only weekly affiliated with Dow Jones, and has full use of Dow Jones' vast, specialized information in serving you.

In Barron's you are shown *what, where,* and *why* the REAL VALUES are, behind current security prices. You get clear, well-founded information each week . . . on the condition and prospects (the changing fortunes) of individual corporations—and on industrial and market trends.

Barron's subscription price is $15 a year, but you can try it for 17 weeks for only $5. This trial subscription for $5 will bring you:

Everything you need to know to help you handle your business and investment affairs with greater understanding and foresight . . . the *investment implications* of current political and economic events . . . the *perspective* you must have to anticipate trends and grasp profitable investment opportunities.

See for yourself how important Barron's can be to you in the eventful weeks ahead. Just tear out this ad and send it today with your check for $5; or tell us to bill you. Address: Barron's, 40 New Street, New York 4, New York. USN-422

. . Observers think Kohler strike will go on a lot longer

friendly to the company observed, "it would be foolish to ask for an election until it was sure who would vote in it."

There is a further element of uncertainty confronting the company as well as the union. When the Wisconsin Labor Board intervened in the strike, the union sued to set aside its order restricting picketing and other tactics. It contended that, since Kohler engaged in interstate commerce, NLRB had sole jurisdiction.

A decision on this point by the Wisconsin Supreme Court is expected in May. If the union should win, the restrictions under which it has operated would go overboard.

That, of course, might make it difficult for Kohler to keep a work force in its plants, or to maintain its production and profits.

The deadlock. Agreement between the company and the union—the only thing that could bring about an early strike settlement—is nowhere near.

Discharge last March by Kohler of all the local's officers, executive board members and chief shop stewards—about 90 strikers in all—left company and union further apart than ever.

The union has protested the dismissals. NLRB has investigated them. Conceivably, the National Board could order some, or all, of the dismissed workers reinstated in the company.

However, the company's action serves official notice that it is unwilling to take these men back. The union must protect them, if it can, or give up the strike.

The union is not about to give up. It continues to assert that "the Kohler strike will be won." It banks on its financial strength for the long pull. It is hoping for favorable court and NLRB decisions.

On the other hand, the Kohler company sees no reason to give in, shows no sign of doing so. It is running its plants, producing at an increasing rate, making money for its owners.

Hence, looking at the strike from both sides, observers are forced to conclude the Kohler strike will go on a lot longer.

In Phone Walkout—Dispute Over "Quickie" Strikes, Arbitration

A strike in nine Southern States by workers of the Southern Bell Telephone Company was producing widespread violence in mid-April as it went into its second month.

Nonstrikers were being beaten up, cables cut, dynamite used. Governors of the nine States were considering joint action, in the public interest. The strike was the most serious since the walkout of Indiana and Southwestern Bell phone workers in the summer of 1953.

At most places and at most times, however, Southern Bell subscribers were able to make phone calls. Some 85 per cent of the exchanges in the territory are mechanized, and the company reported service to be about 75 per cent of normal.

Several small exchanges, manually operated, had to close up.

Two issues. What caused the strike and prolonged it? Two stubborn issues deadlocked the Southern Bell Company and the Communications Workers of America (CIO) in their negotiations over a new contract.

The first issue was the company's insistence on a "no strike" clause in any future agreement. Back of this demand was a series of more than 100 "quickie" strikes in the Southern Bell territory, mainly over local grievances.

The other issue was a union demand for "full scope" arbitration of grievances. In the former contract, arbitration was restricted to several categories, and hinged on an arbitrator's interpretation of the language or intent of the agreement.

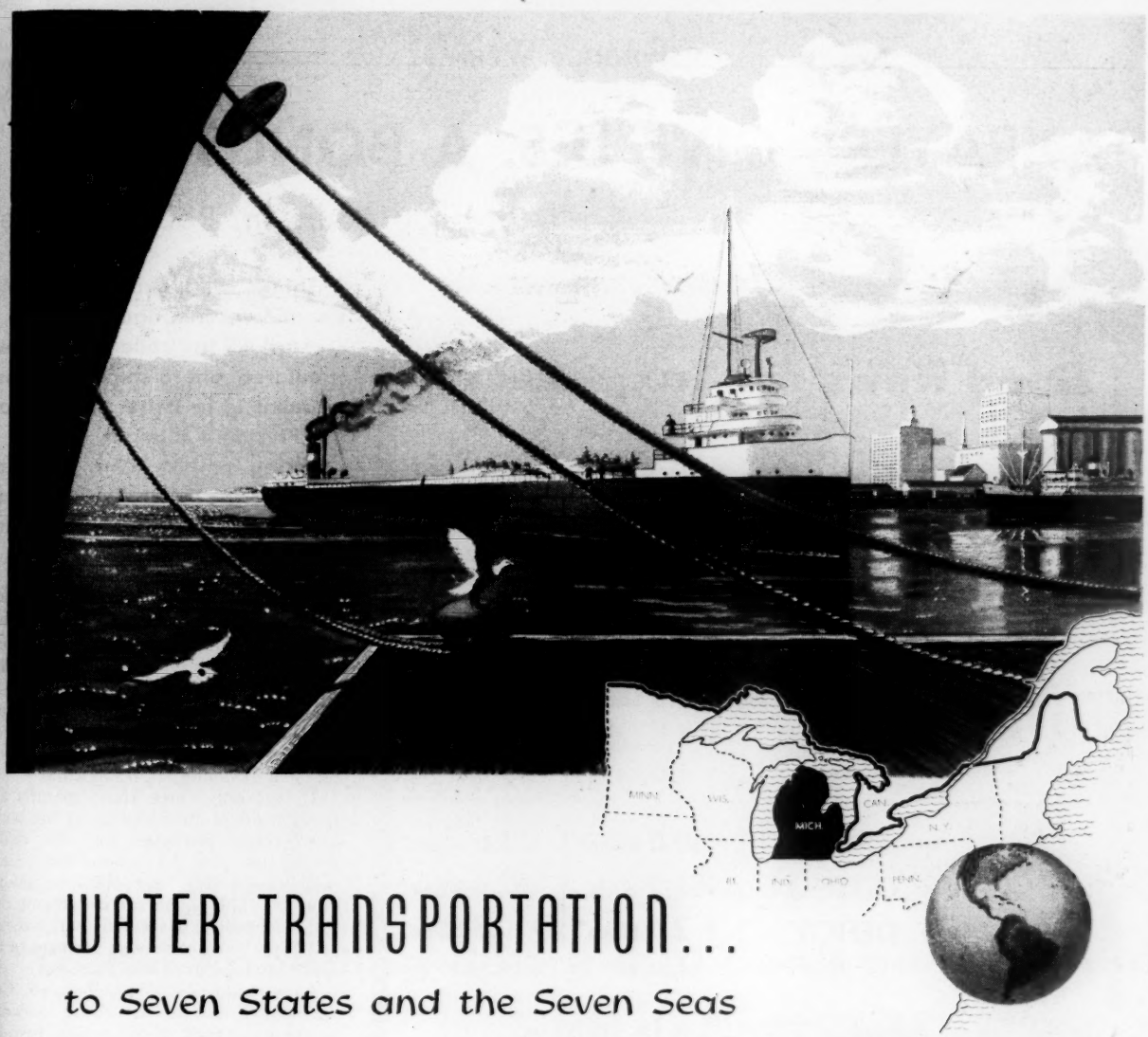
According to outside investigators, the union was, in effect, saying to the company: If you want to get rid of "quickie" strikes, you will have to agree to arbitration in all types of grievance.

Dispute over pay offer. Wages, too, were in dispute. Southern Bell offered raises amounting to about 6 million dollars. But the union complained that the proposal excluded some 5,000 workers.

Conciliators believed, however, that the wage issue could be settled if the no-strike and full-arbitration demands could be compromised.

Altogether, about 50,000 workers are covered by the contract dispute. Not all of them went on strike, however, and supervisory help remained on the job.

By the end of the first month of strike, Southern Bell reported that about half the original strikers had come back to work. The union denied this flatly. It claimed the strike still was about 95 per cent effective.



WATER TRANSPORTATION...

to Seven States and the Seven Seas

Great Lakes waterways join Outstate Michigan with seven of America's richest and most populous states—Illinois, Indiana, Minnesota, New York, Ohio, Pennsylvania and Wisconsin. With Canada, too.

That means low shipping costs for manufactured goods as well as for coal, oil, limestone, iron ore, grains, wood products and other bulk materials.

Ships from Europe come to Michigan now via the St. Lawrence. Ocean traffic will multiply when the deeper Seaway is completed.

Water transportation is only one of Outstate Michigan's many advantages as an industrial location.

It takes a specific location with proper facilities TO FIT YOUR NEEDS. Write us YOUR REQUIREMENTS.

OUTSTATE MICHIGAN FITS INDUSTRY LIKE A GLOVE

Here's the Place to Go Places

FOR INFORMATION CONTACT INDUSTRIAL DEVELOPMENT DEPT. **CONSUMERS POWER COMPANY**
JACKSON, MICHIGAN

TAXPAYERS GIVE U.S. A BONUS

Revenue Pours In, Red Ink Fades

Good News for Taxpayers

In the "regular" budget, the DEFICIT is DWINDLING—

		How federal budget looked to Ike in January	How federal budget looks NOW
THIS YEAR Ending June 30, 1955	INCOME	$59.0 billion	$60.9 billion
	OUTGO	$63.5 billion	$63.5 billion
	DEFICIT	$ 4.5 billion	$ 2.6 billion
NEXT YEAR Ending June 30, 1956	INCOME	$60.0 billion	$61.6 billion
	OUTGO	$62.4 billion	$62.4 billion
	DEFICIT	$ 2.4 billion	$ .8 billion

In the "cash" budget, a SURPLUS is IN SIGHT—

		How federal budget looked to Ike in January	How federal budget looks NOW
THIS YEAR Ending June 30, 1955	INCOME	$66.7 billion	$68.6 billion
	OUTGO	$69.1 billion	$69.1 billion
	DEFICIT	$ 2.4 billion	$ .5 billion
NEXT YEAR Ending June 30, 1956	INCOME	$68.8 billion	$70.4 billion
	OUTGO	$68.2 billion	$68.2 billion
	SURPLUS	$ .6 billion	$ 2.2 billion

Note: The "cash" budget, unlike the "regular" or "bookkeeping" budget, takes account of all of Government's cash income and outgo. The chief difference is that the "cash" budget includes surplus revenues going into the Social Security and other trust funds.

Source: Official Budget and estimates by Economic Unit of USN&WR

© 1955, By U. S. News Pub. Corp.

Things are looking up for Mr. Eisenhower's budget.

April 15 tax collections, when tabulated, are to show that Government is in better shape than the President thought.

Rising employment, expanding incomes of individuals and business mean more income for Government, too.

A dramatic, though almost unnoticed, shift is occurring in the Government's budget outlook. Taxpayers by the millions will reap the benefits.

A deficit that had been scheduled to rise rather sharply is now apparently on the decline. The vigorous business recovery, adding unexpectedly to Government revenues, is responsible.

It was only three short months ago that President Eisenhower, in his budget message, predicted that the deficit would rise from 3.1 billions last year to 4.5 billions this year—the one ending June 30. The lag in tax collections during a recession, it seemed, had wrecked the President's campaign promise to cut taxes and balance the budget.

Now, suddenly, all is changed. Government's income is rising steadily, washing out most of the deficit. Just as a recession had upset Mr. Eisenhower's budget plans so dismally, now a lusty business pickup is restoring hope to Republican administrators and politicians alike. The result is that Republicans will be able to go before the voters in 1956 with further tax cuts in one hand and a healthy budget in the other.

Less red ink. You get an outline of the budget—"before and after"—in the chart on this page.

Take the so-called "regular" budget first. Traditionally, it's the one that's given the most emphasis, though it excludes some multibillion-dollar transactions that are taken account of in the "cash" budget. To get a real perspective on what has happened, go back to January, 1954, when Mr. Eisenhower was making his first predictions on the budget for the year ending June 30, 1955.

The deficit inherited by the Administration, he said, was to go on shrinking

(Continued on page 116)

This is the Otis Electronic Zone of Detection (Illustrated in phantom) This zone extends in front of the leading edges of both hoistway and elevator car doors from floor to shoulder height. When a passenger enters this zone of detection the electrical effect of the passenger's body energizes a series of electronic tubes. The tubes in turn permit the passage of current to operate the relays that control door operation. The result? The doors politely and obediently reverse before they can touch the passenger. This zone travels with the car and provides double-door protection at each floor.

Traffic speeding doors that can't be matched

FOR HIGH SPEED OPERATORLESS ELEVATORS

It doesn't make good sense to combine high speed elevators with slow closing hoistway and elevator car doors.

Seconds saved at each elevator stop can add up to hours of faster service in a busy building.

That's why Otis Electronic Elevator Doors are designed to encourage people to step livelier—and speed traffic.

Otis Electronic Elevator Doors—*with the electronic zone of detection*—need stay open at floor calls only long enough to permit a single passenger to leave or enter the car. Then they start closing. This alerts other passengers to step lively.

However, as long as *the electronic zone of detection* (as illustrated in phantom) senses the presence of other passengers in the doorway, both hoistway and elevator car doors keep reversing politely and obediently without touching the passengers. Then they start closing again. And the instant the last passenger has entered or left the car the doors are closed—*and the car speeds away!*

This unmatched traffic speeding—*obtainable only with completely automatic* AUTOTRONIC *elevators*—is available at only slightly extra cost above such standard equipment as rubber-edged contact doors and electric rays.

More than 250 new and modernized office buildings, hotels, hospitals, banks and department stores have given AUTOTRONIC elevators an overwhelming vote of confidence —*by buying Autotronic!*

Your local Otis office has the details.

Otis Elevator Company, 260 11th Ave., New York 1, N. Y.

COMPLETELY AUTOMATIC

AUTOTRONIC®

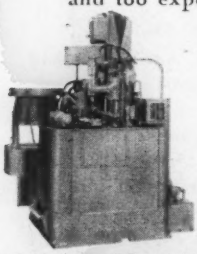
ELEVATORS

WHEN it was new, this machine tool cost many times the original cost of the revolver. But since then their respective values have been moving in opposite directions. The gun is now a collector's item . . . the machine tool a scrap dealer's delight.

The reason for this is obvious. Somewhere along the years the revolver was replaced by a newer, more efficient model and graduated to a gun fancier's collection. The machine tool, on the other hand, was required to limp along to its last dying gasp.

It's hard to understand the philosophy behind this. Particularly since it increases production costs and, inevitably, competitive selling prices.

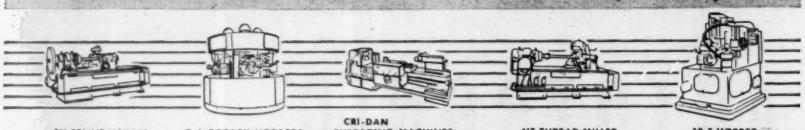
Lees-Bradner suggests you take a long, hard look at your present hobbing and threading equipment. Is it "over the hill" and too expensive to keep?



Our sales representative will welcome the chance to look with you and give you honest answers as to your machines' efficiency. Why not call him in . . . if you know him. Or write us for the name and address of the Lees-Bradner man in your city.

LEES-BRADNER MODEL 7—TYPE A
AUTOMATED SINGLE SPINDLE HOBBER

the LEES-BRADNER Company
CLEVELAND 11, OHIO, U.S.A.



5H SPLINE HOBBER | 7-A ROTARY HOBBERS | CRI-DAN THREADING MACHINES | HT THREAD MILLER | 12-S HOBBER

IF YOU THREAD OR HOB . . . GET A BETTER JOB WITH A LEES-BRADNER

Deficit next year may be under a billion . . .

as a result of determined economies. Specifically, it would drop to 2.9 billions, despite big tax cuts.

A year later, last January, the President was forced to present a radically different picture. Spending, he told the country, was being slashed even more sharply than he had hoped a year earlier—by an additional 2.1 billion dollars. But that wasn't enough.

Congress had gone beyond White House plans for tax relief. And a business recession had reduced individual and business incomes upon which Government depended for its own revenues. Revenue, as a result, would be 59 billions instead of 62.7 billions. And the deficit, instead of shrinking, was to grow by 1.4 billions—to a total of 4.5 billions.

Deficit financing. After promising a balanced budget, Mr. Eisenhower was faced with an unbroken record of deficit financing.

Now, Mr. Eisenhower finds himself at the head of a Government rapidly reaching sound financial ground. Actually, it's a bit early for flat predictions. April 15 tax collections must be added up before Secretary of the Treasury George M. Humphrey can confirm these brighter revenue prospects.

Yet, based on Government revenue trends so far, the budget situation has taken a clear turn for the better.

Specifically, the deficit this year now looks like about 2.6 billions, instead of the 4.5 billions projected by the President in January.

For next year, ending June 30, 1956, the budget deficit is likely to be well under a billion dollars.

The "critical" cash budget. An even brighter picture is offered by the cash budget, which—unlike the regular budget—takes account of all of Government's cash transactions. It's this cash budget that financial experts in and out of Government are coming to regard as the critical one, the one that Government should try to balance during normally prosperous years.

As Mr. Eisenhower was obliged to project the budget in January, there was to be a cash deficit of 2.4 billion dollars this year. As the budget looks now, there is to be a cash deficit of only half a billion dollars.

Next year, the one ending June 30, 1956, the cash budget is to show a substantial surplus—about 2.2 billions. All projections require assumptions, though, and it's important to note them.

- It's assumed, first, that Congress doesn't get excited about this new budget prospect and enact tax cuts this year.

. . . Taxpayer refunds are less than expected

• It's assumed, second, that a healthy business recovery continues.

• It's assumed, third, that the Administration will trim spending from 67.8 billions last year to 63.5 billions this year, and to 62.4 billions next year—as the President predicts in the official budget.

Why a brighter picture. Most significant development is in the revenue Government is collecting from individuals and families on their incomes. In this year, ending June 30, funds from this source are expected to be nearly 31.8 billion dollars. This is 1.1 billion more than Mr. Eisenhower predicted in January. The rise in personal incomes is the reason.

—USN&WR Photo

SECRETARY HUMPHREY
. . . counting up the gains

Taxes collected from corporations, on their incomes, apparently will be about as predicted—around 18.5 billions.

For the rest, Government's miscellaneous internal revenues probably will be about 10.1 billions, only slightly more than the official estimate.

At the same time, rising imports are bringing more cash from duties. And refunds to taxpayers who have overpaid their bills are running at less than had been scheduled.

These developments will give Government about 1.9 billions more spending money this year than Mr. Eisenhower foresaw in January. That's the prospect measured by the regular budget.

A "deflationary" budget? To see what the future of federal income and

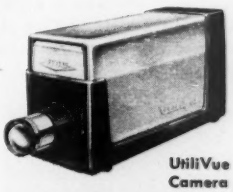
(Continued on page 118)

USE DIAMOND UtiliVue

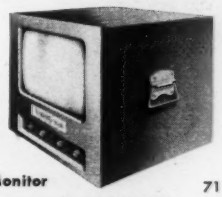
INDUSTRIAL TELEVISION SYSTEM

Everyone can see those tall chimneys that carry off gases or fumes from your plant. Many of these people will judge unfairly . . . will blame you for everything from smog to tattle-tale grey wash . . . even though there is smoke for only a few minutes a day.

The "UtiliVue" (wired television) will bring a sharp picture of the stacks to the control panel or any other convenient point. The operator SEES the smoke exactly as do people on the outside and takes corrective action at once. Chimney smoke is only one of many things that the "UtiliVue" can watch to your profit and advantage . . . in fact, anything that is too remote, too hot, or too dangerous to observe directly. Get in touch with your Graybar Distributor or use the coupon below for informative booklet.



UtiliVue Camera



Monitor

7119

Distributed by GraybaR ELECTRIC COMPANY

DIAMOND POWER SPECIALTY CORP.
LANCASTER OHIO
Diamond Specialty Limited, Windsor, Ontario
Since 1903 Diamond has Manufactured Quality Equipment for Industry

DIAMOND POWER SPECIALTY CORP.
ELECTRONICS DEPT., P.O. BOX 415 E
LANCASTER, OHIO

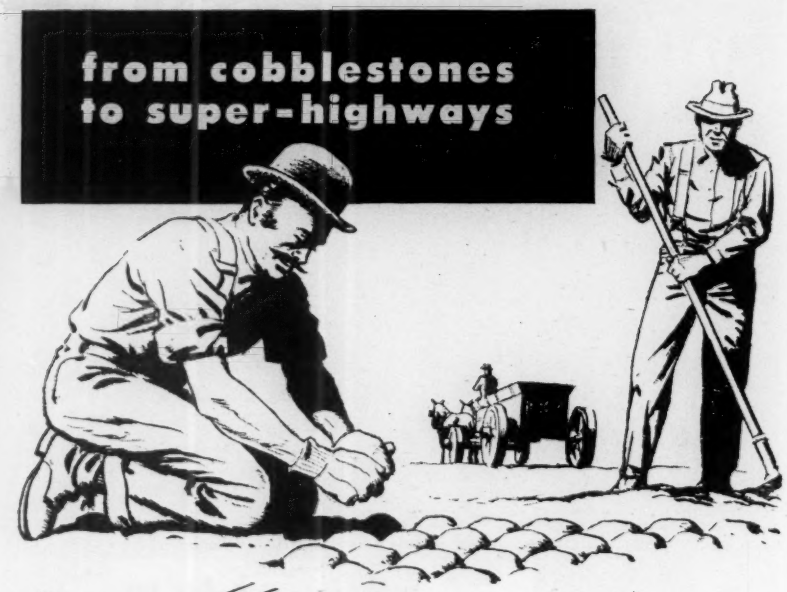
Please send me without obligation a copy of new bulletin showing how Diamond Industrial (Wired) Television will help me reduce costs, improve quality, increase sales and aid safety.

Name_____

Title_____

Company_____

Address_____



Only a few generations ago, road-building was strictly a hand-labor affair . . . excavating, filling, tamping . . . little different from the Roman methods 2,000 years before.

Today, an endless ribbon of great thoroughfares streams out from specialized road-building equipment—manned by small crews of skilled operators—driven by modern horsepower put to work through *modern power linkage.*

The power linkage requirements of road-building equipment are *exacting, widely varied.* That's why more manufacturers of this type equipment are *standardizing on Twin Disc Friction and Fluid Drives* . . . for Twin Disc is the *pioneer in power linkage development,* and offers the most *complete* line of Industrial Friction and Fluid Drives *available today.*

Typical modern road-building equipment: a Barber-Greene Travel Plant, with a B-G Bucket Loader and Mixer working through Twin Disc Heavy-Duty CL Clutches. Model CL is available in sizes 5.5" to 11.5"; capacities 1.5 to 19.5 hp per 100 rpm.

TWIN DISC

TWIN DISC CLUTCH COMPANY, Racine, Wisconsin • HYDRAULIC DIVISION, Rockford, Illinois

Branches or Sales Engineering Offices: Cleveland • Dallas • Detroit • Los Angeles • Newark • New Orleans • Seattle • Tulsa

U. S. cash income this year to approach outgo . . .

outgo holds for business, take another look at the cash budget. Since that budget measures all cash collected from the public and all the cash paid out to the public, it's the one that measures the effect of the budget on the economy.

This effect, in the year ending June 30, is going to be neutral—taking the year as a whole. Government is paying out about as much cash as it takes in.

In the year that will end on June 30, 1956, though, the effect is going to be moderately "deflationary." Government will be taking out of people's pockets about 2.2 billion dollars more than it puts back in. And, beyond mid-1956, these same trends—if uninterrupted—would make U. S. fiscal policies more and more deflationary.

Actually, the prospect of a cash surplus—in an election year—points instead to tax cuts, barring war or a serious threat of inflation.

This is the pleasant prospect that budget trends are offering for taxpayers to mull over in the year ahead.

Plenty of Money In Pension Fund

There is to be plenty of money in the Government's old-age-pension system to pay beneficiaries for years to come—without any new payroll-tax schedule.

Latest annual statement from the System's Board offers this prospect:

Number of people age 65 or above will rise from 13.8 million last July to about 15.5 million in 1960 and to 22.5 million in 1980.

Number of people drawing old-age and survivor benefits will rise from 6.9 million last December to around 10 million in 1960 and 19 million in 1980.

Benefit payments, thus, will grow from 5.4 billion dollars in 1954 to 7.3 billion in 1960, 11.4 billion in 1970 and hit 20 billion by the year 2000. Under these "medium" cost estimates, benefits by the year 2020 will amount to 10 per cent of the country's payroll.

With the present schedule for payroll-tax increases—and assuming medium costs—the system's reserve fund will reach 60 billion dollars in the year 1983, remain at that level for 30 years, then decline slowly.

Conclusion: Under medium costs, the present payroll-tax schedule makes the program self-sustaining for a long, long time--but not forever.

How much would you contribute for a socialistic U.S.A.?

Not a nickel, you'd say.

But you are helping to pay for one more stepping-stone toward a socialistic America every time the federal government builds an electric power plant that business stands ready to build.

There are persuasive groups of people who want to push government farther and farther into the electric business. They are encouraging government to keep on building new power plants—with your tax dollars.

All that spending of tax money by government is not necessary.

For there is a better way to produce electricity's benefits for Americans.

It's simply the way the hundreds of electric light and power companies, with money from millions of investors, have built the greatest electric industry in the world.

That way is still a better way to build.

It gets the job done quickly and efficiently.
It doesn't use your tax money.
It's why Americans today enjoy far more low-price electricity than people anywhere else.

Since America's Electric Light and Power Companies* are ready, willing and able to provide plenty of power, isn't it wasteful of tax dollars for government to try to do the same job? The government way leads straight downhill to a federal electric power monopoly . . . and socialism.

"YOU ARE THERE"—CBS television—witness history's great events

*Names of the Electric Light and Power Companies publishing this advertisement available from this magazine's advertising department

Every time this book is opened, money falls out

And what becomes of that money? It ends up in your company's earnings statement – on the profit side.

Can you buy this book? No. Only 350 copies of it exist, each in the hands of a McBee representative. But he'll be glad to let you look at it. Which is all you should care about, because that's when you begin to see the money . . .

The book is called "Comprehensive Plant Reports . . . On Time." It shows how plant supervisors, from foremen to front office, can be provided with accurate, meaningful control figures on every phase of factory operation – simply and at remarkably low cost – with Keysort punched cards.

The book demonstrates how Keysort pinpoints costly performance trends the moment they occur. Quite as important, it shows how *speedily* the figures reach you. On your desk, complete, by the 4th of each month. Interim reports every Monday morning . . . or, where needed, even daily. Whether yours is a 100-man branch plant or a giant of industry.

You'll find the presentation ingenious and graphic. It literally *unfolds* before your eyes. Best of all . . .

It takes only one hour from start to finish.

Ask the trained McBee man near you to open this book for you. Or write us.

McBEE KEYSORT®

Punched-card accounting for any business

Manufactured exclusively by
The McBee Company, Athens, Ohio.
Division of Royal McBee Corporation • *Offices in principal cities*
In Canada: The McBee Company, Ltd.,
179 Bartley Drive, Toronto 16, Ontario

ut

up
on

ies
ep-
at
se

nt
nt
an
rol
–
th

n-
nt
w
k,
m
re
0-

nd
es.

h.
to

®

S

Wri
U. S

Trend of American Business®

24th and N Streets, N.W.
Washington, D. C.

Business upsurge has developed steam enough for the time being. That's obviously the judgment of officials who manage the supply of money and credit.

Further injections of credit into business operations are to become a bit more difficult and a bit more expensive.

Tighter credit, in other words, is getting official approval.

That is the significance of recent moves by the Federal Reserve Board.

Tip-off on credit policy came when the Federal Reserve Bank of Kansas City boosted the rediscount rate from 1.5 per cent to 1.75 per cent, with the approval of the Federal Reserve Board. New rate is to become general.

A rise in rediscount rates always is a gentle reminder that lenders had better be a bit more cautious in their lending.

A rise at this time has even more meaning, because commercial banks, if they want to increase loans to industry or individuals, now must borrow from Federal Reserve Banks to get the money.

The Reserve Board, in effect, is gently signaling that the improvement in business activity doesn't need further encouragement at the moment.

Actually, credit has been allowed to tighten for two months now.

The credit base is the amount of reserves that banks have on deposit with the 12 Federal Reserve Banks that make up the Federal Reserve System.

Volume of reserves can be regulated by the Federal Reserve Board. When banks have large reserves, they can make large loans. When their reserves are small, banks' capacity to make loans shrinks.

Federal Reserve policy for the past two months has been to let the volume of reserves shrink as banks increased loans and investments.

Now a good many banks have to borrow from the "Fed" to get the reserves they are required to keep. The latest statement shows that member banks owe the Federal Reserve Banks 567 million dollars.

Effect on business of this policy toward banks is that interest rates may rise on all kinds of loans, and money probably will be harder to borrow. It's an indirect warning that business expansion should not go too fast from now on.

Here is the way Federal Reserve policy has operated in recent years:

Tight credit, a "hard policy," was adopted to soften the 1952-53 boom.

A policy of "active ease" was followed from mid-1953 until late 1954, when business was in a mild slump from the earlier boom.

Plain "ease" succeeded "active ease" when business turned up.

The present policy is described by officials as "neutral," but the effect is to let the situation tighten if business expansion keeps on going.

(over)

Written for the issue of April 22, 1955, Volume XXXVIII—No. 16
U. S. NEWS & WORLD REPORT

Business expansion gives every sign, right now, of continuing.

Industrial production in March rose for the seventh straight month.

Output of industry, as measured by the Federal Reserve, is at 135 per cent of the 1946-47 average, only two points below the all-time high in 1953.

Construction boom shows no sign at all of slackening.

Retail sales, just before Easter, were at a near-record rate.

There's scarcely a discouraging sign in the present business situation. The Federal Reserve seems to have good reason to be a bit on the cautious side.

Increase in production is taking place along a broader front.

Autos and construction were responsible for the early part of the upturn in business that began in the late months of 1954.

Steel output turned up in response to demand from autos and building.

At present, nearly all lines are boosting their volume.

Household appliances are being turned out in larger volume. The latest figures show gains in stoves, refrigerators, washing machines, vacuum cleaners, television sets, and furniture.

Industrial-machinery output also has been increasing. That reflects an expansion in demand from business firms.

Farm machinery, too, is being produced in larger volume.

Truck production increased sharply in March and early April.

Output of building materials is rising as a result of the building boom.

Altogether, the output of durable goods hit 150 on the Federal Reserve index for March, after seasonal adjustment. It was 135 a year ago.

The soft-goods industries are sharing in the upturn, too.

Textile industry showed a gain in March and is considerably above 1954.

Rubber industry is up substantially from February and from a year ago.

Paper production is at an all-time high rate.

Chemical industry also is producing at an all-time high.

Leather products advanced in March from a high output for February.

Business improvement, quite clearly, is spreading to all lines.

You see the same trend in dollar volume of sales at retail stores.

Auto dealers, at latest reports, are doing a record business.

Furniture stores are making more sales than at any other time since early 1951, when the second crest of the Korean-war boom in buying was reached.

Appliance stores are keeping pace with furniture stores.

Clothing stores are selling about 15 per cent more than a year ago.

Department stores and mail-order houses are showing moderate gains.

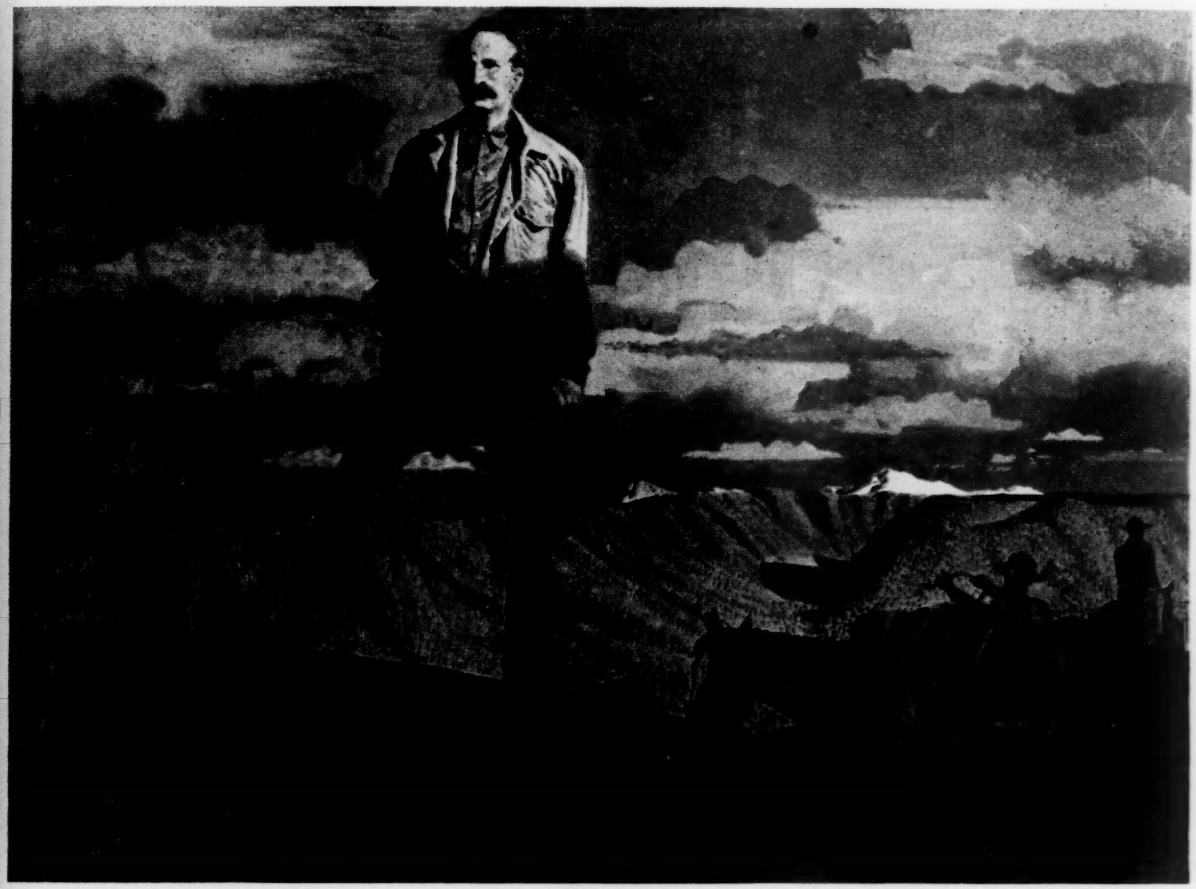
All told, retail stores rang up sales of about 15 billion dollars in March, after seasonal adjustment. That is topped only by last year's Christmas volume.

American business appears definitely to be headed for a record year in 1955 --a better year than the previous high reached in 1953.

Total output of goods and services--the gross product--is believed to be running close to 370 billion dollars at this time. That is higher than the all-time record set at the peak of the 1953 boom.

Recovery from the business dip of last year apparently is complete.

MAKING WOOD SERVE AMERICA BETTER THROUGH GOOD FOREST MANAGEMENT



GIFFORD PINCHOT (1865-1946) — A leader in establishment of the U. S. Forest Service 50 years ago, serving as its first chief, 1905-1910. As America's first professional forester, Pinchot helped bring about national awakening to the wisdom of good timberland management. In 1900, he founded Yale School of Forestry — the nation's first.

"forest land should be devoted to its most productive use..."

A permanent supply of wood is growing on tree farms. Below, Douglas fir is clear-cut in staggered patches and seed trees are left to reforest the harvested areas.

This year, the U. S. Forest Service celebrates its 50th anniversary. For a half-century, it has been guided by the policy laid down in 1905 by Gifford Pinchot, first chief of the service, and James Wilson, the Secretary of Agriculture. This policy begins: "All national forest land is to be devoted to its most productive use for the permanent good of the whole people..." The policy further provides that the Forest Service apply two basic principles in management of National Forest resources... that of *sustained yield* and *multiple land use.*

The private forest industry voluntarily manages timber as a crop on more than 6,100 commercial tree farms, consisting of about 34 million acres dedicated to continuous wood production. Tree farmers, with the cooperation of Forest Service and other government agencies, also protect their forests against fire, insects and disease. Today, such good forest management is the guarantee of a perpetual wood supply.

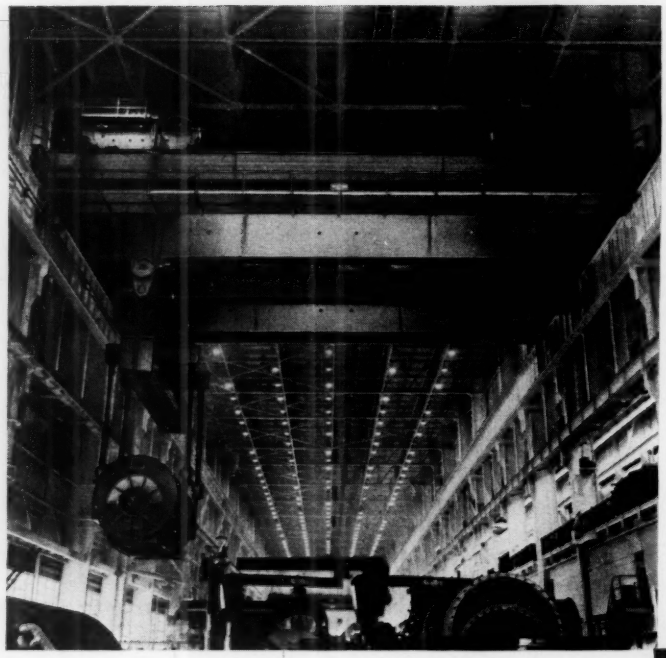
All Weyerhaeuser Timber Company forestlands are certified as tree farms by regional timber associations. *For more information on modern industrial forestry, write us at Box A, Tacoma, Washington.*

Weyerhaeuser Timber Company

WEYERHAEUSER

4-SQUARE

heavy handling costs less WITH A Whiting Crane!



The overhead crane that saves its user money is one that is *just right* for its specific job. "Too little" crane is as costly as "too much" crane. Whiting —with more than 60 years' experience in crane construction for firms throughout industry— engineers "just enough" crane for *future* as well as *immediate* needs. More efficient crane operation also helps to lower costs. For example, the new Whiting Selectodyne controls assure the fastest, most accurate lifting, moving and spotting. Ingenuity of Whiting Crane design makes possible large savings in maintenance. Better materials are used in Whiting Cranes . . . anti-friction bearings and precision-made gears reduce friction and wear problems . . . securely-fitted shafts and flanged couplings that stay tight provide peak performance. These, and many other outstanding Whiting Crane features mean a longer, trouble-free life that results in low-cost handling! Before you invest in any crane . . . investigate the Whiting Crane!

WHITING CORPORATION
15674 Lathrop Avenue, Harvey, Illinois

Write for the new Whiting Crane Bulletin—Unit 80 . . . gives complete information on the 14 outstanding Whiting Crane features! Send for it today!

Whiting also manufactures...

Hoists

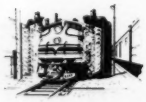
Trackmobiles

Trambeam Systems

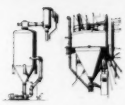
WHITING

Foundry Equipment

Railroad Equipment



Chemical Equipment



LIFE AROUND THE WORLD®

memo

FROM LATIN AMERICA

"CLOSED FOR HOLIDAY"

BOGOTÁ, Colombia—If you're planning a business trip to Latin America, don't forget to equip yourself with a list of the holidays. Otherwise, you'll be in for a lot of frustration.

Take the recent observance of Holy Week, for example. Americans without experience in this part of the world arrived in Colombia expecting to devote the whole week to business. But they found that everything closed up tight on Tuesday night and stayed closed until the following Monday. In all countries of Latin America, business is suspended on at least Friday of Holy Week, and in many of them the close-down lasts much longer.

When it comes to holidays, the Latin-American countries make the United States look like a piker. The U. S., as a whole, observes only seven complete holidays, but virtually every country south of the border has at least twice that many.

Arrival of the carnival season, in February or March, is the signal for people in several of these countries to stop working and to devote themselves to merry-making and parading.

Three Independence Days. Like the U. S., each country down here observes the anniversary of its independence. But it's often more than a one-day celebration. El Salvador has two Independence Days; the second one is called the "Day of the First Cry of Independence of Central America in San Salvador." North Americans, accustomed to a one-day Fourth of July celebration, are amazed when they learn that Panama has three separate Independence Days and that Peru has a three-day independence celebration in July.

All told, Peru has 23½ regular holidays each year. The business traveler must arrange his schedule carefully.

Brazil celebrates one Independence Day on September 7, the date on which the country broke away from Portugal and became a separate empire. Then another celebration is held on November 15 to commemorate the overthrow of Emperor Dom Pedro II and their establishment of the republic.

In addition to Independence Days, many countries observe the anniversaries

(Continued on page 126)

FOUNDER'S DAY CELEBRATION

—Pan American Airways

CARNIVAL-TIME FROLIC

In Latin America, U.S. businessmen must watch the calendar

The skills of Our People... OUR GREATEST ASSET

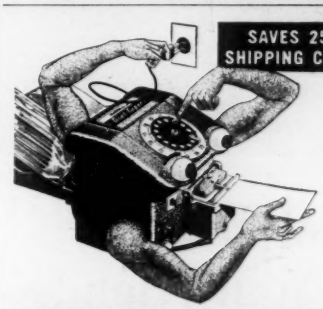
Yes, we have every physical and material asset that you will find in any industrial State . . .

But . . . in addition we have the one most important *plus factor* . . . the *SKILLS OF OUR PEOPLE* . . . nowhere else in the entire United States will you find such a great reservoir of the world's most skillful people.

So . . . if skill and know-how are important components in your profit formula write to:

RHODE ISLAND DEVELOPMENT COUNCIL
Industrial Division
Room 524, State House, Providence, R. I.

INDUSTRY'S IDEAL STATE
Rhode Island

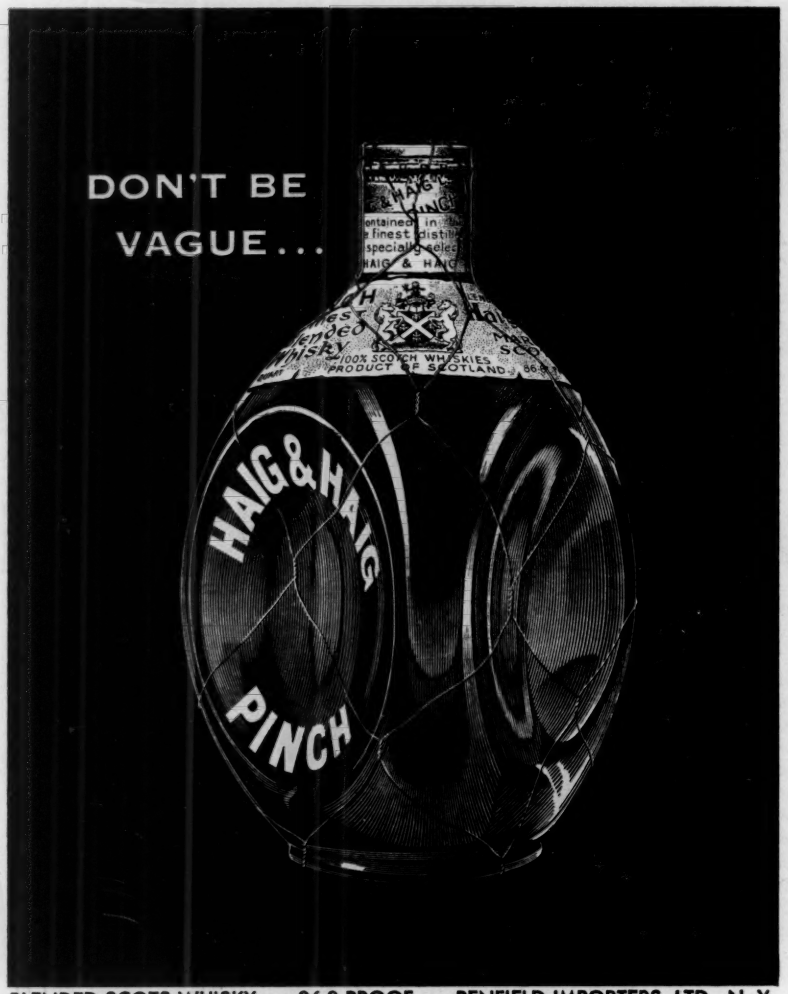


MARSHIAN TAPER LICKS HERSHEY CHOCOLATE SHIPPING PROBLEM

Hershey Chocolate Company's packaging operations have been speeded up with Marsh Electric gummed tape dispensing machines. They're called "DIAL-TAPERS" because you just dial the tape length needed. Tape is measured accurately, moistened with warm water, and cut off clean, ready to seal with one pass of the hands. Users save up to 25% in tape . . . 50% in time with the Marsh Electric DIAL-TAPER. It's amazing.

FREE: "The Marshian Story" of Electric Taping. Clip ad to business letterhead with your name. *Mail Today!*
MARSH STENCIL MACHINE COMPANY,
61 Marsh Building; Belleville, Illinois U. S. A. DT-16

MARSH ELECTRIC DIAL TAPER



BLENDED SCOTS WHISKY • 86.8 PROOF • RENFIELD IMPORTERS, LTD., N. Y.

Send A Copy To Your Friends ...WITHOUT CHARGE

U. S. NEWS & WORLD REPORT
24th & N Streets, N. W.
Washington 7, D. C.

Please send a free copy of "U. S. NEWS & WORLD REPORT" with my compliments to the persons listed below:
☐ If possible send the April 22, 1955 issue.

To.....
Address.....
City.....Z.....State.....

• • •

To.....
Address.....
City.....Z.....State.....

To.....
Address.....
City.....Z.....State.....

• • •

To.....
Address.....
City.....Z.....State.....

Sender.....
Address.....
.....

memo

Latin Americans close shops on battle dates . . .

of decisive battles in their wars for freedom. In Colombia, August 7 is Battle of Boyacá Day. Ecuador shuts up shop May 24 to celebrate victory in the Battle of Pichincha, and Peru observes November 27 as the anniversary of the Battle of Tarapacá.

Death-date holidays. Just as the U. S. observes the birthday of George Washington, most Latin-American countries hold celebrations on the dates on which their founding fathers were born. Mexico, however, reverses the process. It has six holidays to commemorate the deaths of that many outstanding patriots.

The Latin Americans observe Labor Day on May 1, rather than on the first Monday of September, as in the U. S., and the Communists often make it an occasion for showing their strength.

October 12, the date on which Columbus discovered America, gets little more than a nod in the United States. Virtually throughout Latin America, however, the date is a general holiday.

In common with North Americans, the Latin Americans observe Christmas Day and New Year's Day. Some also observe January 6 as the Day of the Three Kings, the anniversary of the date on which the three wise men took gifts to the infant Jesus; in many countries, gifts are exchanged then, rather than on Christmas Day.

Simultaneous vacations. In Colombia, and some other countries, banks are closed from December 24 to January 2. Many Colombian business firms shut down for an even longer period to give vacations to all their employes. In mid-December you begin to see newspaper advertisements reading like this: "We are pleased to announce that this company will be closed, in order to give vacations to all of its personnel, from December 20 to January 10."

The death of a high official of the Government or of the Church sometimes is the occasion for an unscheduled holiday or two. As one traveler exclaimed when he reached Peru recently and found everything closed because of a death: "Anything for a holiday."

Although it's really not as extreme as that, the Latin Americans do go in for a good many holidays. So the businessman planning a trip down here is advised to find out what those holidays are and to plan accordingly. And if he happens to run into a suspension of business that's not on the list, he may as well go sightseeing or work on his expense account.

Knowland to Stevenson:

"AVOID FAR EASTERN MUNICH"

Senator Warns Against Giving Up More to Communists

America's allies
a dispute arises
for once, move
by Senate Repub-
Knowland.

Appeasement, says Senator Knowland, has permitted Communism to expand. Now, he warns, it's time to draw a line—Quemoy and Matsu must be defended.

This is Senator Knowland's answer to Adlai Stevenson. The policy that Mr. Stevenson suggests is found on page 100.

Following is full text of a speech by Senate Republican leader William F. Knowland, of California, as prepared for delivery to the Indiana Republican Editorial Association in Indianapolis on April 16, 1955:

In the 10 years since the Yalta Conference of Feb. 4-11, 1945, great advances have been made by the Communist world.

At that time there were less than 200 million people behind the Communist Iron Curtain. Today over 800 million people have lost their freedom to the most godless tyranny the world has ever known.

Despite the lessons of history, the voices of appeasement appear to be growing at home and abroad. Some suggest that Quemoy and Matsu be allowed to pass into Communist hands. It is my strong belief that such an event will be looked upon as a great Communist victory in Asia and will undermine the remaining confidence the free anti-Communist nations of Asia have in the Government and the people of the United States.

Why is it that the voices of appeasement always urge that our friends and allies be the ones to give up territory or to yield up more people to Communism? Why do they not suggest that it is time for the Iron Curtain to move backward rather than forward? The fact of the matter is that Quemoy and Matsu are as important to free China as Western Berlin is to free Germany.

What military or civilian official would try to maintain that Western Berlin, a metropolitan island completely surrounded by Soviet territory, is "defensible" in and of itself? The fact of the matter is that our garrison in Berlin, the wives and children who accompany them, are hostages to potential Soviet aggression.

We have felt it important, however, to maintain this island of freedom in the heart of Soviet territory despite the fact that it is aggravating to the Communists of the Soviet Union and of Eastern Germany, because it is important to the morale of the free German Republic and it is a beacon of hope to the Germans behind the Iron Curtain that some day they too may be free.

The reason that Western Berlin has not passed behind the Iron Curtain is the fact that the Soviet Union knows that any attempt to take over the area by force would immediately involve the Western Allies in military action.

Though we took some grave risks, we broke the 1948 blockade of Berlin by the airlift. There are now indications that the Communists are again attempting to strangle the economic life of that island of freedom.

Have they been encouraged in this new action by the voices of appeasement here and abroad, which have indicated that we must placate Communism when they get aggravated for otherwise we may be risking armed conflict?

—USN&WR Photo

SENATOR KNOWLAND

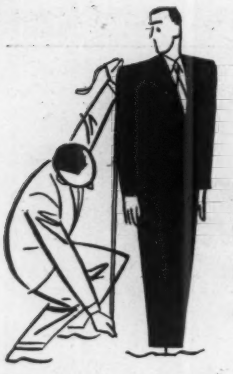
Does history teach us that this is the way to a lasting peace? The answer, of course, is no.

At Munich, Chamberlain and Deladier succumbed to the threats and pleadings of Hitler that if they would but agree to turn over the Sudetenland area of Czechoslovakia to him that he would have "no further territorial demands in Europe."

Without the consent of the Government of Czechoslovakia this sordid deal was made. To salve their conscience, Great Britain and France agreed to guarantee the frontier of the reduced Czechoslovak state.

Seven months later, Hitler's legions took over the balance of Czechoslovakia. The conscience of the two guarantors was disturbed, and several speeches were made as to the immorality of such aggression. But the guarantee given seven

(Continued on page 128)



EVER BEEN MEASURED FOR A CHAIR?

When you want perfect fit... it's the custom-tailored suit. And when you want perfect comfort . . . it's the Harter 66 chair. *You* custom-fit it *exactly* to your own stature. Five easy, yet precise, controls do the trick. Without *all* these adjustments the average chair gives only average comfort. That's why, if you want superlative comfort, the Harter 66 is your chair. Write for informative booklet "Posture Seating Makes Sense." We'll send name of your nearest Harter dealer. Harter Corporation, 4404 Prairie, Sturgis, Mich.

HARTER
STURGIS, MICHIGAN
POSTURE CHAIRS

Changes of Address

Notice of change of address should be sent not less than two weeks prior to the date change becomes effective. Send the address at which copies are now being received and the new address at which you wish to receive copies.

U.S. News & World Report
Circulation Department
435 Parker Ave., Dayton 1, Ohio

the
AMERICAN
APPRAISAL
company
leader in property valuation
Home Office in Milwaukee

Islands' "loss by appeasement will bring despair to free China, shake confidence of our friends" . . .

months before did not save the people of Czechoslovakia, for by then they had lost their will to fight largely because they had lost their faith in the Western Allies to do anything more than to talk and to appease.

What deadly parallel does this furnish to the situation in the Formosa Straits today?

Quemoy and Matsu have never been Chinese Communist territory and they are not today.

That these outposts have a military value no man can deny, for they certainly make more difficult the launching of an amphibious assault out of Amoy and Foochow as long as the free Chinese control these islands.

But equally important as their military value is their psychological value. Their loss by appeasement will bring as much despair to free China as the deal at Munich for the Sudetenland caused despair to the free people of Czechoslovakia.

It will also shake the confidence of our friends in Korea, Japan, the Philippines, Thailand, Pakistan and elsewhere where people understand the true brutal aggressive nature of Communism.

Morale Value of Islands

I again want to emphasize that in my opinion the morale value of Quemoy and Matsu is as high for free China as is that of Western Berlin for free Germany.

There are some who believe that you can distinguish between a Communist assault on Quemoy and Matsu in and of themselves and Quemoy and Matsu as steppingstones toward Formosa and the Pescadores. What nonsense is this? When the assault is under way, are we to inquire through the good offices of Mr. Hammarskjold, of Mao Tse-tung and Chou En-lai in Peiping as to whether their assault is only for the possession of these outer ramparts?

If at such a time, with tongue in cheek, the Communist leaders believe that it would be to their advantage to prevent American support going to our ally, the Republic of China, and they reply that their temporary objective is only Quemoy and Matsu, will we ask them to reinforce their statement by saying: "Do you guarantee this with a 'cross your heart and hope to die' assurance?"

In the light of the bald-faced violation of the Korean Armistice and the Geneva Agreement, what would such an assurance be worth?

I was amazed and shocked by the speech of Adlai Stevenson on last Monday night. He not only appears to be giving the green light to the loss of Quemoy and Matsu, but he also cast reflection upon the future of the island of Formosa itself.

Less than two months after the Congress approved the Formosa Resolution by a vote of 409 to 3 in the House and 85 to 3 in the Senate, and after the ratification of our Mutual-Defense Pact with the Republic of China by a vote of 64 to 6, Mr. Stevenson stated that we should seek to get certain of our allies to line up with us in the defense of Formosa against any aggression "pending some final settlement of its status—by independence, neutralization, trusteeship, plebiscite, or whatever is wiser."

What a way to build confidence in our ally, with whom we have just entered into a Mutual-Defense Treaty!

There was no suggestion by Mr. Stevenson that there might be a plebiscite on the mainland of China to see if the Chinese are satisfied with their loss of freedom by Communist aggression supported by the Soviet Union. Such a plebiscite would show how the people of mainland China react to the Communist rule of Mao Tse-tung and Chou En-lai.

Does not Mr. Stevenson know that the free people of China would look upon a United Nations trusteeship as only a form of multiple colonialism, for such a trusteeship would undermine if not destroy the sovereignty of the Republic of China?

Certainly the Republic of China will not consent to a United Nations or any other type of a trusteeship over the island of Formosa.

Who Would "Bell the Cat"?

What United Nations mouse is expected to "bell the cat"? In the first United Nations action against overt aggression in Korea only 17 members of the United Nations supplied any armed forces whatsoever. The 16 nations outside of the United States who made a contribution supplied only 45,000, whereas the United States of America contributed more than 450,000, and we rotated more than 1 million men through the Far Eastern theater during the Korean war.

Certainly neither Mr. Stevenson nor the members of the United Nations expect to have the United States of America supply the armed forces to disarm the armed forces of the Republic of China,

. . . "I get no satisfaction from a divided Germany"

with whom we have just entered into a treaty of mutual security.

This would be such an obvious treachery that no responsible citizen of the country would tolerate it and no public official that advocated it would continue in office beyond the next election.

Would the trusteeship be established then by the United Nations members other than the United States of America? It could only be done by that organization committing an act of aggression against the Republic of China. Not only do we have a treaty of mutual assistance with free China, but does any responsible person believe that having only contributed 45,000 troops to resist Communist aggression in Korea that organization would furnish a larger force to neutralize the approximately 400,000 who constitute the armed force of the Republic of China?

India as "Trustee"?

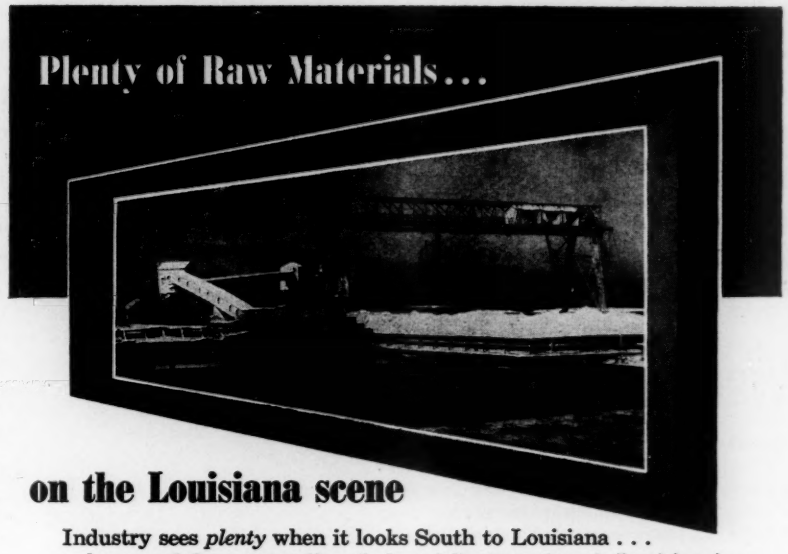
Or does Mr. Stevenson believe that India, which furnished only an ambulance unit in the Korean war, will be the one to do the job? Does he really believe that the free Chinese on Formosa would tolerate an Indian occupation of their island?

What sense does it make to on the one hand be building a collective-security system in the far Pacific and on the other giving consideration to the neutralization of one third of the available non-Communist armed forces in that area of the world? During the early days of our republic we had an expression: "United we stand, divided we fall."

As a matter of national policy are we now to preach a doctrine for our friends abroad: "Divided you stand until the Communists gain sufficient strength to make you fall"? As one American, I get no satisfaction at all from a divided Korea or a divided Germany. I see nothing in either example that should want us to put our stamp of approval on a divided China, which is the meaning of a so-called "two Chinas policy."

Let's put ourselves in the unlikely position of facing the situation wherein Communist forces, by armed action supported by the Soviet Union, should be able to take over mainland America and our Government was temporarily forced to the territory of Hawaii or Alaska. Would we accept a "two Americas policy"? Would we give up the effort to restore constitutional government to our people and to our homeland? The answer

(Continued on page 130)

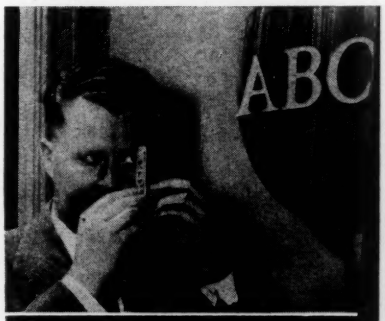


on the Louisiana scene

Industry sees *plenty* when it looks South to Louisiana . . . only one of the outstanding (industrial) attractions is Louisiana's rich and plentiful supply of raw materials and mineral reserves. Petroleum, natural gas, sulphur, salt, lumber, sand, gravel and clay are found in quantity . . . and there's water, *plenty* of it, chemically suited to industry's needs. If you are considering a southern plant location, write today for *all* the facts about Louisiana. Direct your inquiry to . . .

DEPT. OF COMMERCE & INDUSTRY

STATE CAPITOL BATON ROUGE 4, LA.



"Red" Quinlan, Vice Pres., American Broadcasting Co. always carries his

minox

camera

because—it cannot be excelled for client public relations, monitoring TV programs, and microfilming important station and personal documents. in his work...for his pleasure —he uses the world's tiniest precision camera— so tiny (1⅛"x 3¼"x ⅝") —so light (2½ oz.). fast f/3.5 lens. all speeds from ½ sec. up to 1/1000 sec. NO FLASH NECESSARY FOR INSIDE SHOTS. you'll want a minox, too!

minox III-S with chain and case 139.50

for literature and your dealer, write Dept. O

KLING Photo Corp.
235 Fourth Ave., New York 3, N.Y.

I HAD TO EARN MORE MONEY

So I sent $6 to The Wall Street Journal

High prices and taxes were getting me down. I had to have more money or reduce my standard of living. Like Alice in Wonderland, I had to run faster to stay in the same place.

So I started reading The Wall Street Journal. I heeded its warnings. I cashed in on the ideas it gave me for earning extra income and cutting expenses. I got the money I needed. Now I'm slowly forging ahead. Believe me, reading The Journal every day is a wonderful get-ahead plan.

This story is typical. The Journal is a wonderful aid to men making $7000 to $20,000 a year. To assure speedy delivery to you anywhere in the U.S., The Journal is printed daily in four cities — New York, Chicago, Dallas and San Francisco.

The Wall Street Journal has the largest staff of writers on business and finance. It costs $20 a year but in order to acquaint you with The Journal, we make this offer: You can get a Trial Subscription for 3 months for $6. Just send this ad with check for $6. Or tell us to bill you. Address: The Wall Street Journal, 44 Broad St., New York 4, N.Y. US 4-22

Wake up your eyes

WITH A 2-DROP BATH OF MURINE

Your sleep-filled eyes can feel cool and wideawake in seconds with just two drops of Murine in each eye. Murine is as gentle as a tear because of its seven tested ingredients that blend perfectly with the natural fluids of the eye. Using it regularly, daily is such a pleasant custom and helps promote a clean, healthful condition. And Murine makes your eyes feel good.

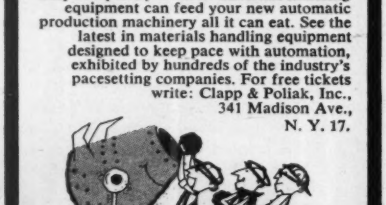
MURINE
for your eyes

Does your company advertise?

If what you make or sell is bought by important people in business, industry, or the professions—or their families—ask your advertising agency to get the facts on "U. S. News & World Report," and its more than 725,000 net paid circulation concentrated heavily among high-income people of importance.

ARE YOU FEEDING YOUR PIG?

Only *completely modern* materials handling equipment can feed your new automatic production machinery all it can eat. See the latest in materials handling equipment designed to keep pace with automation, exhibited by hundreds of the industry's pacesetting companies. For free tickets write: Clapp & Poliak, Inc., 341 Madison Ave., N. Y. 17.



6th National Materials Handling Exposition

International Amphitheatre, Chicago
May 16-20, 1955

"If the Republic of China can be sold down the river at a Far Eastern Munich, so could 30 independent nations" . . .

is, of course, a resounding no on both counts.

There will never be an easy solution to the problems facing this country and the free world. Whenever a line is drawn there will be cogent reasons advanced for making it at some other place.

There are some who oppose the drawing of the line at Quemoy and Matsu who say that they would be willing to stand on the line of Formosa and the Pescadores. But would they really be willing to stand even there?

Will they not, like some of the British, Prime Minister Nehru and Adlai Stevenson, then begin to throw doubt upon the future of Formosa?

Red Victory at U. N.?

In a final desperate effort to avoid facing up to the realistic issue of Communist aggression, will they at that point urge that the problem be thrown into the United Nations?

There a combination of the Communist nations, neutralist powers and some of our fair-weather friends presently tending toward a "peace-at-any-price policy" could join forces in agreeing to a Far Eastern Munich that will give to the Communists at a conference another substantial victory at the expense of the Republic of China.

The smaller nations of the world should stop, look and listen before they join their voices to those of the other appeasers. If the Republic of China, with 9.5 million people, can be sold down the river at a Far Eastern Munich, so, then, could the more than 30 independent nations having populations of less than that figure.

With the record of a quarter century of broken agreements by the Soviet Union, I have questioned the advisability of entering into another meeting of the heads of state until the Soviet Union has shown by "deeds rather than words" that they are prepared to respect agreements entered into.

Yalta should have been a warning signal to the American people that there is no moral right for large nations, including our own, to distribute the territory and the people of our allies such as was done with Poland and with China.

The rather dubious argument is advanced that the Soviet forces were already in occupation of Poland and would have been in a position to occupy much of China if we had not consented to their demands.

Since when has America come to subscribe to the strange new doctrine that, if the bandit is in possession of the loot, he should be given a clean bill of health morally and a legal title to the same?

Have we allowed international morals to fall so low that we now are prepared to accept the doctrine that might makes right?

I think not. Any public officials who in the future, regardless of the party in power, try to shackle the moral position of the American people in such chains will, in my judgment, be overwhelmingly repudiated.

Do we have a right to be concerned with the revelations of the Yalta papers? I believe we do, from a constitutional viewpoint. The facts of the Yalta Agreement were misrepresented to the Congress of the United States, a co-equal branch of the Government, by President Roosevelt when he said in his official report to the Congress on March 1, 1945, regarding the Yalta Conference:

> "Quite naturally this conference concerned itself only with the European war and with the political problems of Europe, and not with the Pacific war."

This was a false official report.

Do we have a right to be concerned with what went on at Yalta?

The record clearly shows that the Government of the United States was first advised of the suspicions regarding the connections of Alger Hiss with a Soviet espionage ring as early as the fall of 1939, and at several times subsequent to that time and before the Yalta Conference of February, 1945.

Those who had some share of the responsibility in permitting Alger Hiss to go to Yalta have tried to cover up their dereliction by claiming that he had no more than office-boy status and at most limited his activities to United Nations affairs.

Alger Hiss at Yalta

Now for the first time in the official papers of the Government of the United States on page 91 of the Yalta papers we learn that:

> "At the Secretary's Staff Committee meeting of January 10, the Secretary asked that all memoranda for the President on topics to be discussed at the Meeting of the Big Three should be in the hands of Mr. Alger Hiss not later than Monday, January 15."

Does this even demonstrate a reasonable degree of caution for protecting the

. . . U. S. did not grow great "on a policy of fear"

vital interests of this country? It was not necessary for Alger Hiss to carry on negotiations to do great damage to this nation and to our allies. It was only necessary for the Soviet Union to have advance information as to the agreed policy positions that this Government would take, where we would stand firm, where we would be prepared to yield and what agreements we would seek to get.

Jet Pilot's View

Just recently I had a letter from an Air Force pilot in Formosa. Frankly, I would much rather take his view on the dangers we face than I would the views of the 1952 Democratic candidate for President of the United States. In his letter to me of February 12, this pilot wrote:

"As an Air Force jet pilot assigned to this island for the next two years, I am sure my interest in lasting world peace is as acute as is any American's.

"The presence here of my wife and children tends to intensify my natural desire that no one toss any atom or hydrogen bombs this way.

"I am quite convinced that my best chances as well as those of my country and the entire free world rest with the firm 'stop the Communist nation' movement which you so forcibly represent. I have flown 400 combat missions and would rather fly 400 more than to see my kind of a world go down the drain, one island or one small country at a time.

"America must wake up to the real intentions of Communism and take real and purposeful steps to frustrate those intentions."

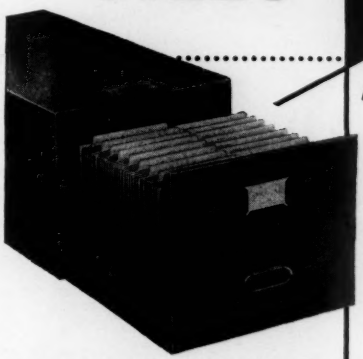
This nation was not born nor did it grow to its position of greatness based on a policy of fear, but rather one of faith and courage.

As an American citizen and as a Senator of the United States, I am convinced that if we will only use the same faith and courage that motivated the men who sat at Philadelphia and under what I believe to have been divine guidance, gave us first our Declaration of Independence and later our Constitution, there are none of our great domestic problems which we as a free people cannot solve, and there is no foreign foe we need ever fear.

For the full text of the address by Adlai Stevenson on Far Eastern policy, see page 100.

DIEBOLD
STEEL FILES

50% SPACE SAVED



AT THE COST OF CARDBOARD
OR LESS!

Fragile cardboard files are a luxury you can't afford . . . Diebold steel files cost the same or less! Safe-T-Stak steel files also save 50% in space, eliminate shelving and replacement costs and increase efficiency. Let us prove how planned record storage will give you substantial time and space savings. Call your local Diebold representative or send coupon today.

Designed to fit your records, Diebold files are available in two styles . . . (1) with steel glides and (2) with nylon 4-point glides and 2-point roller-suspension.

Diebold®
INCORPORATED
930 Mulberry Rd., S. E.
Canton 2, Ohio

N-182-D1

Diebold, Inc.
930 Mulberry Rd., S. E.
Canton 2, Ohio
Please send full information on planned record storage with with new low-cost steel files.
Firm _____
Individual _____ Title _____
Street _____
City _____ Zone ____ State _____

Scores AGAIN AND AGAIN

EARLY TIMES

It's every ounce a Man's Whisky

KENTUCKY STRAIGHT BOURBON WHISKY
EARLY TIMES DISTILLERY CO. · LOUISVILLE 1, KY. · 86 PROOF

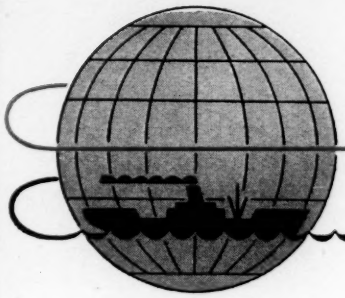
THIS MAN IS GOING TO A FIRE!

He thinks he's going to his office – as usual. But at this minute his office is a roaring mass of flames! Before he arrives it will be completely gutted!

Fire Insurance? Sure – well covered. But that fire's going to put him out of business! You see he never knew that nearly half of all businesses that *lose their records* to fire never reopen their doors! Worse still, he didn't realize how securely (and economically) vital records can be protected right at their point-of-use in Remington Rand insulated equipment.

If this had been your fire would *your* vital records have come through? Some 200 models of Remington Rand *certified* insulated equipment provide a choice to meet every need in your office. Get full particulars NOW. Ask for SC684 – "Down But Not Out"... Remington Rand Inc., Room 1415, 315 Fourth Ave., New York 10.

Remington Rand



Business Around the World

PARIS • LONDON • BONN • ROME

>> To keep you abreast of what's happening in Western Europe.....

>> The boom is getting stronger.....Wages are moving up.....People are spending more.....Tourists are swarming earlier than usual.....Things were never so good in Western Europe.....Too good in some places.....Governments are applying checkreins in Scandinavia and Britain.....Trick is to rein in on inflation, where necessary, but keep prosperity at full gallop.

>> In Western Germany: Coal miners have wangled a raise.....But coal companies will get their taxes cut, so will not raise the coal price.....Bonn Government is trying to head off potential inflation by importing more goods.....Export surplus narrows sharply.....But export orders are far ahead of a year ago..... Residential building, in Germany as in Britain and France, sets new records.

>> In Britain: Tighter credit restraints, applied February 24, aren't dampening the boom much.....Installment buying of cars still is on upgrade.....Sales of furniture, radio and TV sets have fallen, though.....Businessmen don't seem much bothered by the higher cost of bank credit.....General prosperity tends to obscure basic British difficulties.....Britain still is living beyond her means. The British buy too many things and export too few.....But the Eden Government is reluctant to screw down the lid more tightly before elections.

>> In France: Auto and steel production pace the continued upswing. Industrial production hit a new peak in February.....Exports are showing good year-to-year gains.....To relieve labor shortages, Italian immigrant workers may be used in an expanding building program.....Russia is pulling out of Lyons Trade Fair this month and Paris Fair next month.....Russians apparently fear comparisons between their exhibits and American ones, now sponsored by U.S. Department of Commerce. ....This is the first victory for the new U.S. trade-fair program.

>> In Italy: An impressive boom continues, but the country runs a heavy trade deficit.....Trend toward decrease in Italian exports and increase in imports set in last year and still continues.....High costs seem to be affecting Italy's competitive position in Europe.....Italy's rising standard of living and poor crops last season push up imports.....Fiat is awarded big new fighter contracts by the U.S. Air Force after Fiat workers, by the thousands, suddenly desert Communist unions in shop elections.....Farmers in Northern Italy protest violently against Rome's farm policies and taxes.....This movement might mushroom. In some respects, it's similar to the Poujade antitax movement in France.

(over)

>> In Switzerland: There's an interesting new development.....Overabundance of capital has forced interest rates down to levels no longer attractive to Swiss investors.....A new 3 per cent issue of a power company has recently gone begging. Swiss capital looks to greener pastures abroad--where interest rates are lusher.....Last year, the Swiss made private loans abroad of 160 million dollars.

>> In the Netherlands: The Dutch are enjoying a first-rate production boom. ....Dutch Government has a novel proposal for curbing inflation: reduce taxes. ....Idea is that, if workers have more cash available to spend, they won't demand wage increases.....Meanwhile, the Government will try to keep prices stable.

>> In Sweden: Wave of wage increases this year is followed by a Government plan for compulsory savings.....Howls of protest are being heard.....The Government, genuinely concerned about inflationary pressures, has already raised interest rates and put special taxes on purchases of cars and capital goods.

>> To give you points of reference on Western Europe's prosperity:

Between 1938 and 1954, Western Europe's exports were up 70 per cent, while imports rose 12 per cent.....Industrial production increased by more than half, and farm output by almost 30 per cent.....Productivity of labor rose about 15 to 20 per cent, per capita consumption about 12 per cent.....Trade within Europe during 1954 was 68 per cent greater than in 1938, due largely to reduced trade barriers in Western Europe.....In all respects, prosperity has never been greater.....Massive U.S. aid has provided strong stimulus to the uptrend.

>> A new venture in mixed public and private finance should be watched..... This is the International Finance Corporation, a proposed new affiliate of the World Bank.....The IFC charter is now ready for approval by member countries of the World Bank.....The IFC will make loans or venture-capital investments in private enterprises, especially in underdeveloped countries, without Government guarantees.....The World Bank can make only direct fixed-interest loans with Government guarantees.....The IFC will invest, in association with private investors, in a situation that still needs additional funds after private capital has had a full chance to participate.....IFC will supplement, not substitute for, private investment.....IFC, itself, won't manage any firms, but IFC participation is expected to make private capital more venturesome.

>> To start the IFC on its career, at least 30 member countries of the World Bank must agree to put up a capital fund of 75 million dollars, of which the U.S. share is 35 million.....IFC will be able to sell its portfolio investments, as well as its own obligations, in the market.

>> World Bank policies are evident in the IFC aims.....The World Bank up to now has mobilized more than a billion dollars of private funds for international investment.....Most of these funds have been raised by the Bank's sales of its own bonds in five different currencies.....490 million dollars' worth are held by U.S. investors and 362 million by foreign investors.....The Bank also sells its loans, or parts of them, to other investors.....Such participations now total 213 million dollars.....Commercial banks have taken up most of these participations.....But now insurance companies are getting into the act, too.

Buying Power Goes Up By The Hour In This Area

Shaded section designates area served by the four investor-owned electric power companies in The Southern Company system

SAVINGS DEPOSITS
% INCREASE SINCE 1940

4 States	242%
South	191%
U.S.A.	157%

Plain figures prove it: savings deposits, which indicate buying power, have been growing more swiftly in the South than in the rest of the nation. And the four states served by The Southern Company show the greatest increase of all!

This rapid growth of buying power in turn means an increasingly attractive market for consumer products and makes this an excellent location for the manufacture, processing and distribution of almost every type of finished goods.

For specific answers to questions relating to this area, write to the Industrial Development Division of any of these companies:

Alabama Power Company
Birmingham, Alabama

Georgia Power Company
Atlanta, Georgia

Gulf Power Company
Pensacola, Florida

Mississippi Power Company
Gulfport, Mississippi

THE SOUTHERN COMPANY
Atlanta • Birmingham

PLUS & MINUS
Latest Indicators of Business Activity

Business activity is making gains on a broad front. The auto and home-building industries, leaders in the recovery that began last autumn, are holding their full gains without any sign of weakening.

Retail-store sales rose to a rate of almost 179 billions per year in March, 8 per cent above a year ago and only 1 per cent below the record of December, 1954.

Carloadings are running 9 per cent ahead of last year.

Unemployment is dwindling. Early in March, it had fallen to 3,176,000, down 171,000 from January. From March 12 to April 2, insured unemployment alone fell an additional 200,000.

Factory output has mounted to 138 on the weekly indicator, up 13 per cent from July, 1954, and only 1 per cent below July, 1953, the peak before the 1953-54 recession.

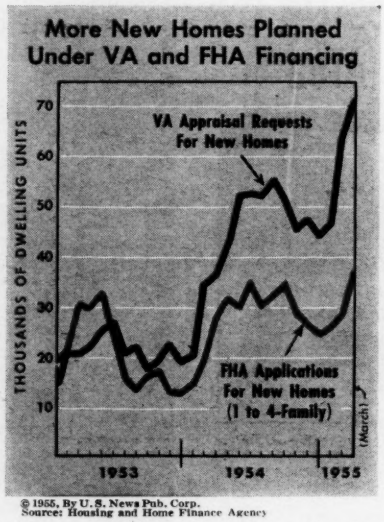
Auto manufacturers made production history in March, turning out 794,580 cars. This total, estimated by *Automotive News,* was 10 per cent above the previous peak of June, 1950.

Auto dealers sold almost 700,000 new cars at retail in March, also a record total. The rate was about 40 per cent above March, 1954.

Smaller companies making autos have found relief from the competitive squeeze they suffered in 1954. Chrysler Corporation accounted for 19.4 per cent of the industry's first-quarter output, against 12.8 a year ago. Companies other than Ford, General Motors and Chrysler increased their share from 4.8 to 5.4 per cent.

Homes were started under private financing at a rate of 1,407,000 per year in March, a small gain above February. In the 5 months since last October, starts have averaged 1,416,000—nearly a quarter above the 1950-54 average.

Homes planned under VA and FHA financing, shown in the top chart, indicate a high rate of activity in months to come. VA appraisal requests were the highest since October, 1950; FHA applications the highest since May, 1950.



© 1955, By U. S. News Pub. Corp.
Source: Housing and Home Finance Agency

Deadlines of one kind or another seem to be spurring borrowers, builders and lenders alike to increase the number of homes built and sold under VA financing. Insurance companies have been borrowing from banks to get additional dollars for home loans, apparently in the belief that a drop in home building later on will cut the supply of mortgages. Some builders fear the Government will require stiffer terms on new VA loans and want to line up VA financing before the Government acts. And veterans—at least those of World War II—have only until July 25, 1957, under present law, to use their right to get a guaranteed loan.

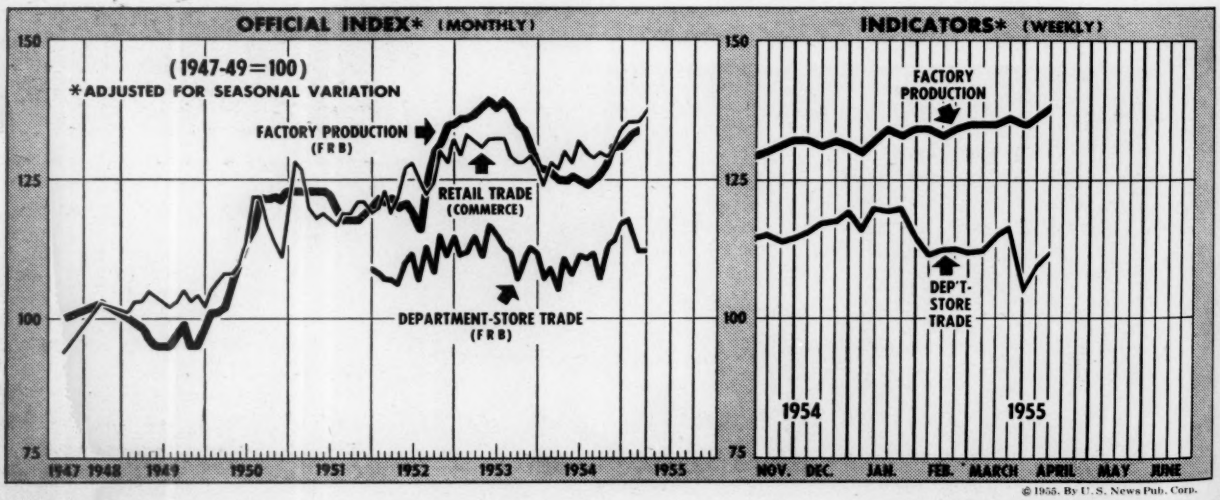
Interest rates, meanwhile, have stiffened a bit. A rise in the Federal Reserve rediscount rate from 1½ to 1¾ per cent has just been announced by the Federal Reserve Bank of Kansas City.

Volume of credit used in special fields—such as stock speculation, home mortgages and consumer installment debt—is being watched closely. Even if price inflation does not threaten, action is sometimes aimed at checking credit inflation. A too-rapid growth of credit in key industries can undermine the stability of the economy.

Home building, now at a rate of 15.6 billions per year, is up 33 per cent from a year ago. Its rise has helped to lift commercial construction 35 per cent above a year ago, church building 33 per cent, sewer and water projects 9 per cent. Output of building materials in March was 12 per cent greater than in March, 1954.

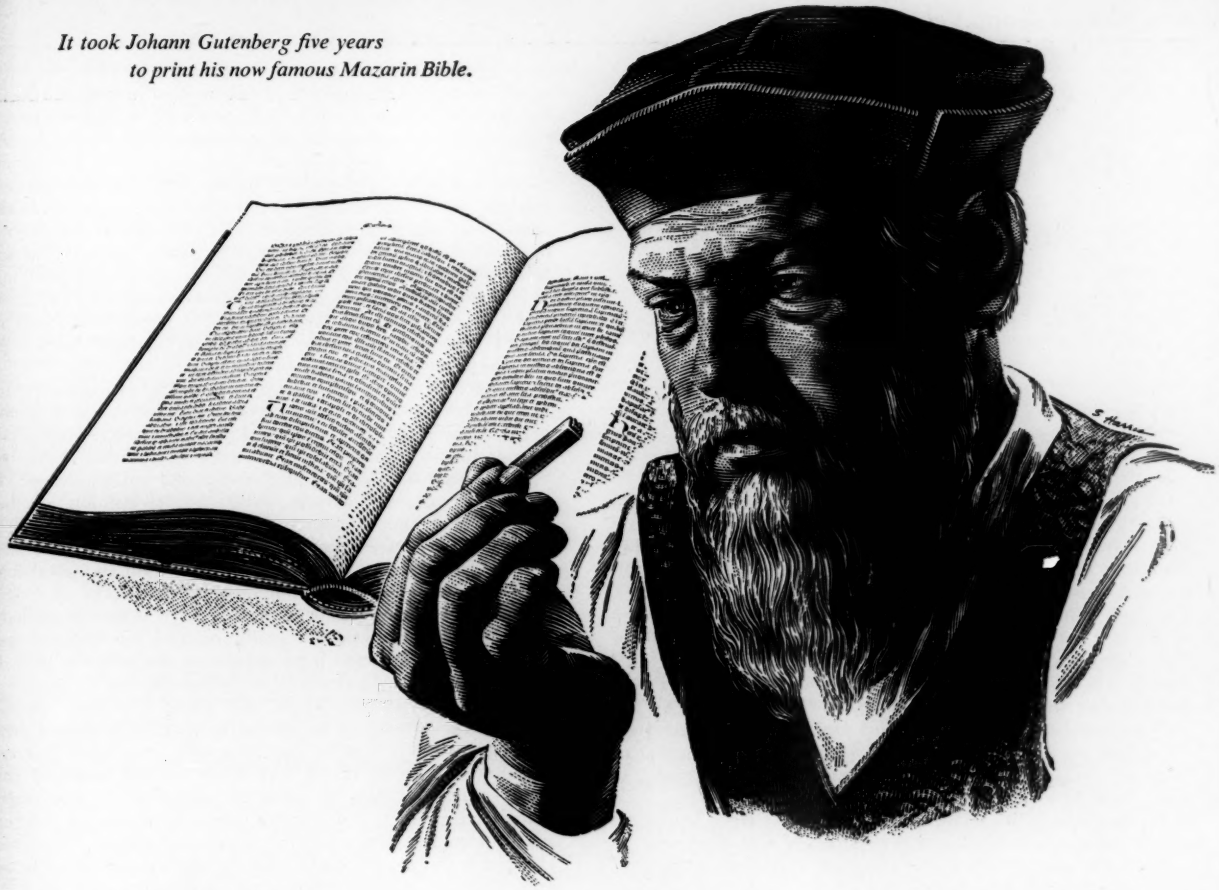
Auto-industry suppliers are extremely busy. Output of rubber products, mainly tires, is 24 per cent above a year ago. The auto industry now takes 26 per cent of all steel shipped, against 19.5 in 1954.

The momentum of business recovery is strong at this time. But industries other than autos and home building must supply the main push if the recovery is to go on at its recent rate.



© 1955, By U. S. News Pub. Corp.

It took Johann Gutenberg five years to print his now famous Mazarin Bible.



GUTENBERG HAD THE DEVIL TO PAY...

. . . when it was discovered his Bibles were not hand-copied manuscripts. The King of France ordered his arrest, thinking Gutenberg had multiplied Holy Writ with the aid of the devil.

But the only sorcery Gutenberg cast was movable type.

Today, modern printing machinery still rolls on his theories and process. And the "black arts" (and color, too) are flourishing mightily, with a big assist from steels made from Vancoram ferro alloys.

High-speed multicolor, rotogravure and newspaper presses, for example, rely on shock- and wear-resistant alloy steel components to ink . . . grip . . . roll . . . fold . . . cut . . . stitch. Feeding these magic mechanisms are giant paper and pulp mills. There, mile upon mile of corrosion-resistant stainless steel piping, plus numerous other types of stainless steel equipment, helps produce a steady flow of paper on which the record of mankind will be kept.

Working with America's steelmakers to deliver finer, ever more versatile alloy and stainless steels for countless applications, Vanadium Corporation of America produces ferro alloys of chromium, vanadium, titanium, silicon, manganese and boron. Other Vancoram products include master alloys for the aluminum industry and uranium for atomic energy.

Modern high-speed presses can print 60,000 16-page newspapers an hour using alloys of chromium and vanadium in critical operating parts.

VANCORAM

Producers of alloys, metals and chemicals

PLANTS—Niagara Falls, N. Y.; Graham, W. Va.; Cambridge, Ohio; Durango and Naturita, Colo.

RESEARCH CENTER—Cambridge, Ohio

MINES—South America, Southern Rhodesia, Canada, U. S. A.

VANADIUM CORPORATION OF AMERICA

420 Lexington Avenue, New York 17, N. Y.

PITTSBURGH • CHICAGO • DETROIT • CLEVELAND

DEMOCRACY'S SICKNESS —And a Way to Cure It

By WALTER LIPPMANN

[Continued from page 64]

West. Lenin, who had been a refugee in Switzerland until 1917, was still at the very beginning of his struggle to become the master of the empire of the Romanoffs. Mussolini was an obscure journalist, and nobody had dreamed of Hitler. The men who took part in the Peace Conference were men of the same standards and tradition. They were the heads of duly elected governments in countries where respect for civil liberty was the rule. Europe from the Atlantic to the Pripet Marshes lay within the military orbit of their forces. All the undemocratic empires, enemy and ally, had been destroyed by defeat and revolution. In 1918—unlike 1945—there had been no Yalta, there was no alien foreign minister at the peace conference who held a veto on the settlement.

Yet as soon as the terms of the settlement were known, it was evident that peace had not been made with Germany. It was not for want of power but for want of statesmanship that the liberal democracies failed. They failed to restore order in that great part of the world which—outside of revolutionary Russia—was still within the orbit of their influence, still amenable to their leadership, still subject to their decisions, still working within the same economy, still living in the same international community, still thinking in the same universe of discourse. In this failure to make peace there was generated the cycle of wars in which the West has suffered so sudden and so spectacular a decline.

Public opinion, having vetoed reconciliation, had made the settlement unworkable. And so when a new generation of Germans grew up, they rebelled. But by that time the Western democracies, so recently too warlike to make peace with the unarmed German Republic, had become too pacifist to take the risks which could have prevented the war Hitler was announcing he would wage against Europe. Having refused the risk of trying to prevent war, they would not now prepare for the war. The European democracies chose to rely on the double negative of unarmed appeasement, and the American democracy chose to rely on unarmed isolation.

When the unprevented war came, the fatal cycle was repeated. Western Europe was defeated and occupied before the British people began seriously to wage the war. And after the catastrophe in Western Europe eighteen agonizing months of indecision elapsed before the surprise and shock of Pearl Harbor did for the American people what no amount of argument and evidence and reason had been able to do.

Once again it seemed impossible to wage the war energetically except by inciting the people to paroxysms of hatred and to utopian dreams. So they were told that the Four Freedoms would be established everywhere, once the incurably bad Germans and the incurably bad Japanese had been forced to surrender unconditionally. The war could be popular only if the enemy was altogether evil and the Allies very nearly perfect. This mixture of envenomed hatred and furious righteousness made a public opinion which would not tolerate the calculated compromises that durable settlements demand. Once again the people were drugged by the propaganda which had aroused them to fight the war and to endure its miseries. Once again they would not think, once again they would not allow their leaders to think, about an eventual peace with their enemies, or about the differences that must arise among the Allies in this coalition, as in all earlier ones. How well this popular diplomacy worked is attested by the fact that less than five years after the democracies had disarmed their enemies, they were imploring their former enemies, Germany and Japan, to rearm.

The record shows that the people of the democracies, having become sovereign in this century, have made it increasingly difficult for their governments to prepare properly for war or to make peace. Their responsible officials have been like the ministers of an opinionated and willful despot. Between the critical junctures, when public opinion has been inattentive or not vehemently aroused, responsible officials have often been able to circumvent extremist popular opinions and to wheedle their way towards moderation and good sense. In the crises, however, democratic officials—over and above their own human propensity to err—have been compelled to make the big mistakes that public opinion has insisted upon. Even the greatest men have not been able to turn back the massive tides of opinion and of sentiment.

There is no mystery about why there is such a tendency for popular opinion to be wrong in judging war and peace. Strategic and diplomatic decisions call for a kind of knowledge—not to speak of an experience and a seasoned judgment—which cannot be had by glancing at newspapers, listening to snatches of radio comment, watching politicans perform on television, hearing occasional lectures, and reading a few books. It would not be enough to make a man competent to decide whether to amputate a leg, and it is not enough to qualify him to choose war or peace, to arm or not to arm, to intervene or to withdraw, to fight on or to negotiate.

Usually, moreover, when the decision is critical and urgent, the public will not be told the whole truth. What can be told to the great public it will not hear in the complicated and qualified concreteness that is needed for a practical decision. When distant and unfamiliar and complex things are communicated to great masses of people, the truth suffers a considerable and often a radical distortion. The complex is made over into the simple, the hypothetical into the dogmatic, and the relative into an absolute. Even when there is no deliberate distortion by censorship and propaganda, which is unlikely in time of war, the public opinion of masses cannot be counted upon to apprehend regularly and promptly the reality of things. There is an inherent tendency in opinion to feed upon rumors excited by our own wishes and fears.

Democratic Politicians

At the critical moments in this sad history, there have been men, worth listening to, who warned the people against their mistakes. Always, too, there have been men inside the governments who judged correctly, because they were permitted to know in time, the uncensored and unvarnished truth. But the climate of modern democracy does not usually inspire them to speak out. For what Churchill did in the Thirties before Munich was exceptional: the general rule is that a democratic politician had better not be right too soon. Very often the penalty is political death. It is much safer to keep in step with the parade of opinion than to try to keep up with the swifter movement of events.

In government offices which are sensitive to the vehemence

. . . "With exceptions so rare that they are regarded as miracles and freaks of nature, successful democratic politicians are insecure and intimidated men"

and passion of mass sentiment public men have no sure tenure. They are in effect perpetual office seekers, always on trial for their political lives, always required to court their restless constituents. They are deprived of their independence. Democratic politicians rarely feel they can afford the luxury of telling the whole truth to the people.* And since not telling it, though prudent, is uncomfortable, they find it easier if they themselves do not have to hear too often too much of the sour truth. The men under them who report and collect the news come to realize in their turn that it is safer to be wrong before it has become fashionable to be right.

With exceptions so rare that they are regarded as miracles and freaks of nature, successful democratic politicians are insecure and intimidated men. They advance politically only as they placate, appease, bribe, seduce, bamboozle, or otherwise manage to manipulate the demanding and threatening elements in their constituencies. The decisive consideration is not whether the proposition is good but whether it is popular —not whether it will work well and prove itself but whether the active talking constituents like it immediately. Politicians rationalize this servitude by saying that in a democracy public men are the servants of the people.

This devitalization of the governing power is the malady of democratic states. As the malady grows the executives become highly susceptible to encroachment and usurpation by elected assemblies; they are pressed and harassed by the higgling of parties, by the agents of organized interests, and by the spokesmen of sectarians and ideologues. The malady can be fatal. It can be deadly to the very survival of the state as a free society if, when the great and hard issues of war and peace, of security and solvency, of revolution and order are up for decision, the executive and judicial departments, with their civil servants and technicians, have lost their power to decide.

CHAPTER III ★ ★ ★ The Derangement of Powers

The Governors and the Governed

When I describe the malady of democratic states as a derangement in the relation between the mass of the people and the government, I am, of course, implying that there is a sound relationship and that we should be able to know what it is. We must now examine this assumption. We are looking into the relation between, on the one hand, the governing or executive power, and, on the other hand, the elected assembly and the voters in the constituencies. The best place to begin is in the simple beginnings of our constitutional development—in the medieval English Parliament —before the essential functions and their relation had become complicated by their later development.

No relationship, sound or unsound, could exist until the functions of execution and representation had become differentiated. In primitive societies they are not differentiated. Under the Norman and Angevin rulers the differentiation had not yet occurred. These rulers "judged and legislated as well as administered."† But by the thirteenth century the differentiation is already visible, and the essential relation in which we are interested can be recognized. There is a writ issued under Henry III in 1254, summoning Parliament. The sheriff of each county is ordered to "cause to come before the King's Council two good and discreet Knights of the Shire, whom the men of the county shall have chosen for this purpose in the stead of all and of each of them, to consider along with knights of other shires what aid they will grant the King."‡

Let us note the dualism. There is the government, which means the King and his Council of prelates and peers. Then there are the Knights of the Shires, representing the men of the counties. They are to meet, and the King will ask the Knights what aid they will grant to him. This is the basic relationship. The government can act. Because it can act, it decides what action should be taken, and it proposes the measures, it then asks the representatives of those who must supply the money and the men for the means to carry out its decisions. The governed, through their representatives, the two Knights of the Shire from each county, give or withhold their consent.

From the tension and the balance of the two powers—that of the ruler and that of the ruled—there evolved the written and the unwritten contracts of the constitution. The grant of aid by the ruled must be preceded by the ruler's redress of their grievances. The government will be refused the means of governing if it does not listen to the petitions, if it does not inform, if it does not consult, if it cannot win the consent of, those who have been elected as the representatives of the governed.

The executive is the active power in the state, the asking and the proposing power. The representative assembly is the consenting power, the petitioning, the approving and the criticizing, the accepting and the refusing power. The two powers are necessary if there is to be order and freedom. But each must be true to its own nature, each limiting and complementing the other. The government must be able to govern and the citizens must be represented in order that they shall not be oppressed. The health of the system depends upon the relationship of the two powers. If either absorbs or destroys the functions of the other power, the constitution is deranged.

There is here a relationship between governors and governed which is, I would contend, rooted in the nature of things. At the risk of reasoning by analogy, I would suggest that this duality of function within a political society has a certain resemblance to that of the two sexes. In the act of

*"As we look over the list of the early leaders of the republic, Washington, John Adams, Hamilton, and others, we discern that they were all men who insisted upon being themselves and who refused to truckle to the people. With each succeeding generation, the growing demand of the people that its elective officials shall not lead but merely register the popular will has steadily undermined the independence of those who derive their power from popular election. The persistent refusal of the Adamses to sacrifice the integrity of their own intellectual and moral standards and values for the sake of winning public office or popular favor is another of the measuring rods by which we may measure the divergence of American life from its starting point." James Truslow Adams, *The Adams Family* (1930), p. 95.

†A. F. Pollard, *The Evolution of Parliament* (1926), p. 240.

‡*Encyclopaedia Britannica* (1952), Vol. 19, p. 164, article "Representation."

. . . "The voters cannot be relied upon to represent *The People*. The opinions of voters in elections are not to be accepted unquestioningly as true judgments of the vital interests of the community"

reproduction each sex has an unalterable physiological function. If this function is devitalized or is confused with the function of the other sex, the result is sterility and disorder.

In the final acts of the state the issues are war and peace, security and solvency, order and insurrection. In these final acts the executive power cannot be exercised by the representative assembly. Nor can it be exercised after the suppression of the assembly. For in the derangement of the two primary functions lie the seeds of disaster.

The People and the Voters

A recent historian of the Tudor Revolution, Mr. G. R. Elton, says that "our history is still much written by whigs, the champions of political freedom," and that "while the safeguards against despotism have long been understood and often described,—strong rule, preventing anarchy and preserving order, requires still much exploration." There have been periods, he goes on to say, of which the Tudor Age was one —and our own, we may add, is another—when men were so ready to be governed, being so oppressed by disorder, that they have preferred strong government to free government.

The Western liberal democracies are a declining power in human affairs. I argue that this is due to a derangement of the functions of their governments which disables them in coping with the mounting disorder. I do not say, indeed it is impossible to know surely, whether the malady can be cured or whether it must run its course. But I do say that if it cannot be cured, it will continue to erode the safeguards against despotism, and the failure of the West may be such that freedom will be lost and will not be restored again except by another revolution. But for either contingency, for cure now or for recovery after a catastrophe, our first necessity is to work towards an adequate knowledge of the two functions, their nature, and their derangement.

In order to do so it is necessary at the outset to reduce the ambiguity of the term "the people." For it has two different meanings, which it may be convenient to distinguish typographically. When we speak of popular sovereignty, we must know whether we are talking about The People, as voters, or about *The People*, as a community of the entire living population, with their predecessors and successors.

It is often assumed, but without warrant, that the opinions of The People as voters can be treated as the expression of the interests of *The People* as an historic community. The crucial problem of modern democracy arises from the fact that this assumption is false. The voters cannot be relied upon to represent *The People*. The opinions of voters in elections are not to be accepted unquestioningly as true judgments of the vital interests of the community.

To whom, for example, did the Preamble of the Constitution refer when it said that "We, the People of the United States . . . ordain and establish this Constitution"? On September 17, 1787, about forty members signed the draft on which they had been working since May 25, for one hundred and sixteen days. In Article VII of their text they stipulated that if and when conventions in nine states had ratified it, then for those nine states The People of the United States would have ordained and established the Constitution. In this context a majority of the delegates elected to nine state conventions were deemed to be entitled to act as The People of the United States.

The inhabitants of the United States who were qualified to vote for these delegates were not a large number. They included no slaves, no women and, except in New York, only such adult males as could pass property and other highly restrictive tests. We do not have accurate figures. But according to the census of 1790 the population was 3,929,782. Of these, 3,200,000 were free persons and the adult males among them who were entitled to vote are estimated to have been less than 500,000. Using the Massachusetts figures as a statistical sample, it may be assumed that less than 160,000 actually voted for delegates to all the ratifying conventions; and of those voting, perhaps 100,000 favored the adoption of the Constitution.*

The exact figures do not matter. The point is that the voters were not—and we may add that they have never been and can never be—more than a fraction of the total population. They were less than 5 per cent when the Constitution was ordained. They were not yet 40 per cent in 1952 when, except under the special conditions in the South, we had universal adult suffrage. Manifestly, the voters can never be equal to the whole population, even to the whole living adult population.

Because of the discrepancy between The People as voters and *The People* as the corporate nation, the voters have no title to consider themselves the proprietors of the commonwealth and to claim that their interests are identical with the public interest. A prevailing plurality of the voters are not *The People*. The claim that they are is a bogus title invoked to justify the usurpation of the executive power by representative assemblies and the intimidation of public men by demagogic politicians. In fact demagoguery can be described as the sleight of hand by which a faction of The People as voters are invested with the authority of *The People*. That is why so many crimes are committed in the people's name.

° ° °

The Recently Enfranchised Voters

The doctrine of popular sovereignty is ancient and venerable. But until about the second half of the nineteenth century, it did not imply the enfranchisement of the people. . . .

° ° °

. . . Cannot a multitude of voters be regarded as the practical equivalent of all the people? They cannot be. To multiply the voters makes it no more probable that a plurality of them will truly represent the public interest. Our experience with mass elections in the twentieth century compels us, I think, to the contrary conclusion: that public opinion becomes less realistic as the mass to whom information must be conveyed, and argument must be addressed, grows larger and more heterogeneous.

All this will seem less odd if we remind ourselves that political democracy, as we know it in this century, is a very recent political phenomenon. The moral presumption in favor of universal suffrage may perhaps be said to have been laid

*These figures are from a memorandum prepared for me by my friend, Prof. Allan Nevins. In his covering letter, January 24, 1952, he says:

"Anyone who writes about election figures in our early national history treads upon very unsafe ground. Trustworthy data—the statistics and the general information—are too scanty for any explicit statement of detailed conclusions for the country as a whole. As you will see, I have found figures for various states and localities, but we have no warrant for generalizing them to apply to the country in its entirety. *What we can say with absolute certainty, I think, is that in these early elections the vote was under 5 per cent of the whole population.*"

. . . "Large mass electorates are something quite new, much newer than . . . the liberal state"

own by the American and the French Revolutions at the nd of the eighteenth century. But (until the end of the ineteenth century) the actual advance towards universal uffrage was in fact spasmodic and slow. In 1900, voters in he United Kingdom were only 11 per cent of the population: hey were 43 per cent in 1922. The Representation of The eople Act in 1918 had very nearly tripled the electorate by implifying the extremely complex regulations for voting and y extending the suffrage to women thirty years of age and ualified as occupants. In France the voters were 27 per cent f the population in the election of 1881; in 1951 they were 5 per cent. Until the last quarter of the nineteenth century, in ost of Western and Northern Europe, the proportion of oters to population was not more than 5 per cent. In 1890 oters in the United States were about 15 per cent of the popalation. It has been only since the First World War, owing to he enfranchisement of women and, in some measure, of southrn Negroes, that the proportion has risen to over 30 per cent.

Large mass electorates are something quite new, much newer than the ideals, the ideas, the institutions and the usages of the liberal state. Political orators often assume that the mass of the people voted their own liberties. But the fact is that they acquired the vote after they had acquired their liberties and, in fact, largely because not being able to vote was felt by free men to be incompatible with their equal dignity. The Bill of Rights (1689) is more than two centuries older than universal suffrage in Great Britain. The enfranchised people did not establish the rule that all powers are under the law, that laws must be made, amended and administered by due process, that a legitimate government must have the consent of the governed.

I dwell upon this point because it throws light upon the fact, so disconcerting an experience in this century, that the enfranchised masses have not, surprisingly enough, been those who have most stanchly defended the institutions of freedom.

CHAPTER IV ★ ★ ★ The Public Interest

What Is the Public Interest?

We are examining the question of how, and by whom, the interest of an invisible community over a long span of time is represented in the practical work of governing a modern state.

In ordinary circumstances voters cannot be expected to transcend their particular, localized and self-regarding opinions. As well expect men laboring in the valley to see the land as from a mountain top. In their circumstances, which as private persons they cannot readily surmount, the voters are most likely to suppose that whatever seems obviously good to them must be good for the country, and good in the sight of God.

I am far from implying that the voters are not entitled to the representation of their particular opinions and interests. But their opinions and interests should be taken for what they are and for no more. They are not—as such—propositions in the public interest. Beyond their being, if they are genuine, a true report of what various groups of voters are thinking, they have no intrinsic authority. The Gallup polls are reports of what people are thinking. But that a plurality of the people sampled in the poll think one way has no bearing upon whether it is sound public policy. For their opportunities of judging great issues are in the very nature of things limited, and the statistical sum of their opinions is not the final verdict on an issue. It is, rather, the beginning of the argument. In that argument their opinions need to be confronted by the views of the executive, defending and promoting the public interest. In the accommodation reached between the two views lies practical public policy.

Let us ask ourselves, How is the public interest discerned and judged? From what we have been saying we know that we cannot answer the question by attempting to forecast what the invisible community, with all its unborn constituents, will, would, or might say if and when it ever had a chance to vote. There is no point in toying with any notion of an imaginary plebiscite to discover the public interest. We cannot know what we ourselves will be thinking five years hence, much less what infants now in the cradle will be thinking when they go into the polling booth.

Yet their interests, as we observe them today, are within the public interest. Living adults share, we must believe, the same public interest. For them, however, the public interest is mixed with, and is often at odds with, their private and special interests. Put this way, we can say, I suggest, that the public interest may be presumed to be what men would choose if they saw clearly, thought rationally, acted disinterestedly and benevolently.

The Equations of Reality

A rational man acting in the real world may be defined as one who decides where he will strike a balance between what he desires and what can be done. It is only in imaginary worlds that we can do whatever we wish. In the real world there are always equations which have to be adjusted between the possible and the desired. Within limits, a man can make a free choice as to where he will strike the balance. If he makes his living by doing piecework, he can choose to work harder and to spend more. He can also choose to work less and to spend less. But he cannot spend more and work less.

Reality confronts us in practical affairs as a long and intricate series of equations. What we are likely to call "facts of life" are the accounts, the budgets, the orders of battle, the election returns. Sometimes, but not always, the two sides of the equations can be expressed quantitatively in terms of money, as supply and demand, as income and outgo, assets and liabilities, as exports and imports. Valid choices are limited to the question of where, not whether, the opposing terms of the equation are to be brought into equilibrium. For there is always a reckoning.

In public life, for example, the budget may be balanced by reducing expenditures to the revenue from taxes; by raising taxes to meet the expenditures, or by a combination of the two, by borrowing, or by grants in aid from other governments, or by fiat credit, or by a combination of them. In one way or another the budget is in fact always balanced. The true nature of the reckoning would be clearer if, instead of talking about "an unbalanced budget," we spoke of a budget balanced not by taxes but by borrowing, of a budget balanced by inflation, or of a budget balanced by subsidy. A

. . . "The power of the executive has become enfeebled, often to the verge of impotence, by the pressures of the representative assembly and of mass opinions"

government which cannot raise enough money by taxes, loans, foreign grants, or by getting its fiat money accepted, will be unable to meet its bills and to pay the salaries of its employees. In bankruptcy an involuntary balance is struck for the bankrupt. He is forced to balance his accounts by reducing his expenditures to the level of his income.

Within limits, which public men have to bear in mind, the choices as to where to balance the budget are open. In making these choices, new equations confront them. Granted that it is possible to bring the budget into balance by raising taxes, how far can taxes be raised? Somewhat but not ad infinitum. There are no fixed criteria. But though we are unable to express all the equations quantitatively, this does not relieve us of the necessity of balancing the equations. There will be a reckoning. Practical judgment requires an informed guess: what will the taxpayers accept readily, what will they accept with grumbling but with no worse, what will arouse them to resistance and to evasion? How will the taxpayers react to the different levels of taxes if it is a time of peace, a time of war, a time of cold war, a time of social and economic disturbance, and so on? Although the various propositions cannot be reduced to precise figures, prudent men make estimates as to where the equations balance.

Their decisions as to where to balance the accounts must reflect other judgments—as to what, for example, are the military requirements in relation to foreign affairs; what is the phase of the business cycle in relation to the needs for increased or decreased demand; what is the condition of the international monetary accounts; which are the necessary public works and welfare measures, and which are those that are desirable but not indispensable. Each of these judgments is itself the peak of a pyramid of equations: whether, for example, to enlarge or to reduce the national commitments at this or that point in the world—given the effect of the decision at other points in the world.

We may say, then, that public policy is made in a field of equations. The issues are the choices as to where the balance is to be struck. In the reality of things X will exact an equivalence of Y. Within the limits which the specific nature of the case permits—limits which have to be estimated—a balance has to be reached by adding to or subtracting from the terms of the equation.

Oftener than not, the two sides of the equation differ in that the one is, as compared with the other, the pleasanter, the more agreeable, the more popular. In general the softer and easier side reflects what we desire and the harder reflects what is needed in order to satisfy the desire. Now the momentous equations of war and peace, of solvency, of security and of order, always have a harder or a softer, a pleasanter or a more painful, a popular or an unpopular option. It is easier to obtain votes for appropriations than it is for taxes, to facilitate consumption than to stimulate production, to protect a market than to open it, to inflate than to deflate, to borrow than to save, to demand than to compromise, to be intransigent than to negotiate, to threaten war than to prepare for it.

Faced with these choices between the hard and the soft, the normal propensity of democratic governments is to please the largest number of voters. The pressure of the electorate is normally for the soft side of the equations. That is why governments are unable to cope with reality when elected assemblies and mass opinions become decisive in the state, when there are no statesmen to resist the inclinations of the voters and there are only politicians to excite and to exploit them.

There is then a general tendency to be drawn downward, as by the force of gravity, towards insolvency, towards the insecurity of factionalism, towards the erosion of liberty, and towards hyperbolic wars.

° ° °

CHAPTER V ★ ★ ★ The Two Functions

The Enfeebled Executive

In the effort to understand the malady of democratic government I have dwelt upon the underlying duality of functions: *governing*, that is, the administration of the laws and the initiative in legislating, and *representing* the living persons who are governed, who must pay, who must work, who must fight and, it may be, die for the acts of the government. I attribute the democratic disaster of the twentieth century to a derangement of these primary functions.

The power of the executive has become enfeebled, often to the verge of impotence, by the pressures of the representative assembly and of mass opinions. This derangement of the governing power has forced the democratic states to commit disastrous and, it could be, fatal mistakes. It has also transformed the assemblies in most, perhaps not in all, democratic states from the defenders of local and personal rights into boss-ridden oligarchies, threatening the security, the solvency, and the liberties of the state.

In the traditions of Western society, civilized government is founded on the assumption that the two powers exercising the two functions will be in balance—that they will check, restrain, compensate, complement, inform and vitalize each one the other.

In this century, the balance of the two powers has been seriously upset. Two great streams of evolution have converged upon the modern democracies to devitalize, to enfeeble, and to eviscerate the executive powers. One is the enormous expansion of public expenditure, chiefly for war and reconstruction; this has augmented the power of the assemblies which vote the appropriations on which the executive depends. The other development which has acted to enfeeble the executive power is the growing incapacity of the large majority of the democratic peoples to believe in intangible realities. This has stripped the government of that imponderable authority which is derived from tradition, immemorial usage, consecration, veneration, prescription, prestige, heredity, hierarchy.

At the beginning of our constitutional development the King, when he had mastered the great barons, was the proprietor of the greatest wealth in the realm. The crown was also the point from which radiated the imponderable powers to bind and to command. As the King needed money and men for his wars, he summoned representatives of the

. . . "It is significant . . . that while nearly all the Western governments have been in deep trouble since the First World War, the constitutional monarchies . . . have shown greater capacity to endure, to preserve order with freedom, than the republics . . ."

counties and the boroughs, who had the money and the men he needed. But the imponderable powers, together with very considerable power in land and in men, were still in the King's own hands. Gradually, over the centuries, the power of the Parliament over the supplies of the government grew larger. They had to appropriate a larger proportion of a much greater total. At the same time, in the white light of the enlightenment and the secularization of men's minds, the imponderable powers of the crown diminished.

Under the stress and the strain of the great wars of the twentieth century, the executive power has become elaborately dependent upon the assemblies for its enormous expenditures of men and of money. The executive has, at the same time, been deprived of very nearly all of his imponderable power: fearing the action of the representative assembly, he is under great temptation to outwit it or bypass it, as did Franklin D. Roosevelt in the period of the Second World War. It is significant, I think, certainly it is at least suggestive, that while nearly all the Western governments have been in deep trouble since the First World War, the constitutional monarchies of Scandinavia, the Low Countries, and the United Kingdom have shown greater capacity to endure, to preserve order with freedom, than the republics of France, Germany, Spain and Italy. In some measure that may be because in a republic the governing power, being wholly secularized, loses much of its prestige; it is stripped, if one prefers, of all the illusions of intrinsic majesty.

The evaporation of the imponderable powers, a total dependence upon the assemblies and the mass electorates, has upset the balance of powers between the two functions of the state. The executive has lost both its material and its ethereal powers. The assemblies and the mass electorates have acquired the monopoly of effective powers.

This is the internal revolution which has deranged the constitutional system of the liberal democratic states.

CHAPTER VI ★ ★ ★ The Totalitarian Counterrevolution

Certain of Its Lessons

We can learn something about the kind of incapacity which has brought on disaster for the modern democracies by the nature of the counterrevolutions that have undermined and overthrown so many of them. There are various types of counterrevolutions. The most notable are the Soviet Communist, Italian Fascist, German National Socialist, Spanish Falangist, Portuguese Corporatist, the Titoist, and Peronist. . . . Besides these organized counterrevolutionary movements, professing doctrines of an anti-liberal and undemocratic character, there is, in large areas of the world, a very strong tendency to nullify the democratic system behind the façade of democratic institutions. The countries where elections are free and genuine, where civil liberty is secure, are still powerful. But they embrace a shrinking minority of mankind.

Now in all these counterrevolutionary movements there are two common characteristics. One is the separation of the governing power from the large electorate. In the totalitarian states this is done by not holding free elections; in the great number of nontotalitarian but also nondemocratic states, it is done by controlling and rigging the elections.

The other common characteristic of the counterrevolutions is that political power, which is taken away from the electorate, the parties and the party bosses, is then passed to an elite corps marked off from the mass of the people by special training and by special vows. The totalitarian revolutions generally liquidate the elite of the old regime, and then recruit their own elite of specially trained and specially dedicated and highly disciplined men. Elsewhere, when the liberal democratic system fails, the new rulers are drawn from the older established elites—from the army officers, from the clergy, the higher bureaucracy and the diplomatic corps, from university professors.

It is significant that in the reaction against the practical failure of the democratic states, we find always that the electoral process is shut down to a minimum or shut off entirely, and that the executive function is taken over—more often than not with popular assent—by men with a special training and a special personal commitment to the business of ruling the state. In the enfeebled democracies the politicians have with rare exceptions been men without sure tenure of office. Many of the most important are novices, improvisers, and amateurs. After a counterrevolution has brought them down, their successors are almost certain to be either the elite of the new revolutionary party, or an elite drawn from predemocratic institutions like the army, the church, and the bureaucracy.

In their different ways—which ideologically may be at opposite ends of the world—the post-democratic rulers are men set apart from the masses of the people. They are not set apart only because they have the power to arrest others and to shoot them. They would not long hold on to that kind of power. They have also an aura of majesty, which causes them to be obeyed. That aura emanates from the popular belief that they have subjected themselves to a code and are under a discipline by which they are dedicated to ends that transcend their personal desires and their own private lives.

A Prognosis

The nature of the counterrevolution reflects a radical deficiency in the modern liberal democratic state. This deficiency, is, as I have been saying, the enfeeblement and virtual paralysis of the executive governing functions. The strong medicine of the counterrevolution is needed, on the one hand, to stop the electoral process from encroaching upon and invading the government, and, on the other hand, to invest the government not only with all material power but also with the imponderable force of majesty.

It is possible to govern a state without giving the masses of the people full representation. But it is not possible to go on for long without a government which can and does in fact govern. If, therefore, the people find that they must choose whether they will be represented in an assembly which is

. . . "We are living in a time of massive popular counterrevolution against liberal democracy"

incompetent to govern, or whether they will be governed without being represented, there is no doubt at all as to how the issue will be decided. They will choose authority, which promises to be paternal, in preference to freedom which threatens to be fratricidal. For large communities cannot do without being governed. No ideal of freedom and of democracy will long be allowed to stand in the way of their being governed.

The plight of the modern democracies is serious. They have suffered great disasters in this century and the consequences of these disasters are compounding themselves. The end is not yet clear. The world that is safe for democracy and is safely democratic is shrunken. It is still shrinking. For the disorder which has been incapacitating the democracies in this century is, if anything, becoming more virulent as time goes on.

A continuing practical failure to govern will lead—no one can say in what form and under what banners—to counterrevolutionary measures for the establishment of strong government. The alternative is to withstand and to reverse the descent towards counterrevolution. It is a much harder way. It demands popular assent to radical measures which will restore government strong enough to govern, strong enough to resist the encroachment of the assemblies and of mass opinions, and strong enough to guarantee private liberty against the pressure of the masses.

It would be foolish to attempt to predict whether the crisis of the democratic state will be resolved by such an internal restoration and revival or by counterrevolution. No doubt the danger of counterrevolution is greater in countries where the margins of life are thinner. No doubt the prospects of a restoration and revival are best in countries where the traditions of civility, as the public philosophy of Western society, have deep roots and a long history.

CHAPTER VII ★ ★ ★ The Adversaries of Liberal Democracy

Liberalism and Jacobinism

We are living in a time of massive popular counterrevolution against liberal democracy. It is a reaction to the failure of the West to cope with the miseries and anxieties of the twentieth century. The liberal democracies have been tried and found wanting—found wanting not only in their capacity to govern successfully in this period of wars and upheavals, but also in their ability to defend and maintain the political philosophy that underlies the liberal way of life.

If we go back to the beginnings of the modern democratic movements in the eighteenth century, we can distinguish two diverging lines of development. The one is a way of progress in liberal constitutional democracy. The other is a morbid course of development into totalitarian conditions.

One of the first to realize what was happening was Alexis de Tocqueville. He foresaw that the "democratic nations are menaced" by a "species of oppression . . . unlike anything that ever before existed in the world." But what is more, he discerned the original difference between the healthy and the morbid development of democracy.

° ° °

Although the two ways of evolution appear to have the same object—a society with free institutions under popular government—they are radically different and they arrive at radically different ends.

The first way, that of assimilation, presumes the existence of a state which is already constitutional in principle, which is under laws that are no longer arbitrary, though they may be unjust and unequal. Into this constitutional state more and more people are admitted to the governing class and to the voting electorate. The unequal and the unjust laws are revised until eventually all the people have equal opportunities to enter the government and to be represented. Broadly speaking, this has been the working theory of the British movement towards a democratic society at home and also in the Commonwealth and Empire. This, too, was the working theory of the principal authors of the American Constitution, and this was how—though few of them welcomed it—they envisaged the enfranchisement of the whole adult population.

The other way is that of the Jacobin revolution. The people rise to power by overthrowing the ruling class and by liquidating its privileges and prerogatives. This is the doctrine of democratic revolution which was developed by French thinkers in the eighteenth century and was put into practice by the Jacobin party in the French Revolution. In its English incarnation the doctrine became known as Radicalism. In America, though it had its early disciples, notably Tom Paine, not until the era of the Founding Fathers was over, not until the era of Andrew Jackson, did the Jacobin doctrine become the popular political creed of the American democracy.

° ° °

From Jacobinism to Leninism

Towards the middle of the nineteenth century, Karl Marx and Friedrich Engels produced an explanation of why the first revolution had not fulfilled the promises of the Jacobins. It was that "Modern bourgeois society, rising out of the ruins of feudal society, did not make an end of class antagonisms. It merely set up new classes in place of the old."

As Marx and Engels were scholars and men of the world, they should not have been surprised to find that "the history of all human society past and present has been the history of class struggles," and, had they not become possessed by the Jacobin dogma, they would have thought it most probable that there would be class struggles in the future. But in the Jacobin philosophy the world as it is must be transformed; the day is soon to come when history, reaching its culmination, will end, and there will be no more struggles. So Marx and Engels decided that one more, though this time the conclusive and the final, revolution was called for, in order to achieve the classless society: "The proletariat . . . is compelled to organize itself as a class," and "by means of a revolution, it makes itself the ruling class and, as such, sweeps away by force the old conditions of production. . . . Then it will, along with these conditions, have swept away the conditions for the existence of class antagonisms and of classes generally, and will thereby have abolished its own supremacy as a class."

The revolution which is behind us has failed. But the revolution which is still to come will put "in place of the old bourgeois society, with its classes and class antagonisms . . .

. . . "Lenin resolved the crisis within the revolutionary movement by committing it to the totalitarian solution"

an association, in which the free development of each is the condition for the free development of all."*

By the beginning of the twentieth century it was becoming more and more apparent that Marxism was going to undergo the same disappointment as had the Jacobin movement. Since Marx and Engels wrote the Communist Manifesto a very considerable progress had been made in carrying out its specific planks. What that document had asked in 1848, "the most advanced nations" had gone a long way toward doing. They were taxing inheritances, they had virtually nationalized central banking, transportation and communications, they were extending the industries owned by the state, they were abolishing child labor and providing free education in public schools.

Yet these reforms were not leading to the classless society. Instead of one class or no class it was more probable that modern societies were heading towards a diversity of classes. Nor, as Engels had promised in his "Anti-Dühring," did it look as if "the state . . . withers away." As a matter of fact the progressive reforms were requiring a rapid enlargement of the powers of the state and an expansion of the bureaucracy. The Marxian predictions were not being fulfilled. The rich were not becoming richer while the poor became poorer. The middle class was not disappearing. It was growing larger. Society was not splitting into the two great hostile camps of the bourgeoisie and the proletariat. If it was splitting, it was into factions and into pressure groups.

Owing to the wide disparity between the dogma and the existential reality of things, a crisis developed within the revolutionary socialist movement. This crisis was resolved by Lenin. He could not do again what Marx had done a half century earlier. He could not once more identify the next class, and this time the positively last class, that had to be overthrown. He could not point to the last barricade that had to be stormed. It was then that Lenin resolved the crisis within the revolutionary movement by committing it to the totalitarian solution. Abandoning the naïve but attractive promise that utopia would follow simply and automatically from the revolutionary act, he replaced it with the terrible doctrine that utopia must be brought about by an indefinitely prolonged process of unlimited revolution which would exterminate all opposition, actual and potential.

The totalitarian tendency has always been present and logically implied in the modern revolutionary movement. Yet Mr. Isaiah Berlin is no doubt right in saying that while Lenin's solution of the crisis within the revolutionary movement "marked the culmination of a process," this was "an event . . . which altered the history of our world."

In 1903, at the conference of the Russian Social Democratic Party, which began in Brussels and ended in London, Lenin was asked by a delegate named Posadovsky "whether the emphasis laid by the 'hard' Socialists . . . upon the need for the exercise of absolute authority by the revolutionary nucleus of the Party might not prove incompatible with those fundamental liberties to whose realization Socialism, no less than liberalism, was officially dedicated." Posadovsky asked whether the basic, minimum civil liberties—"the sacrosanctity of the person"—could be infringed and even violated if the party leader so decided.

The answer was given by Plekhanov, one of the founders of Russian Marxism, and, says Mr. Berlin, "its most venerated figure, a cultivated, fastidious and morally sensitive scholar of wide outlook," who had for twenty years lived in Western Europe and was much respected by the leaders of Western Socialism. Plekhanov was the very symbol of civilized "scientific" thinking among Russian revolutionaries. "Plekhanov, speaking solemnly, and with a splendid disregard for grammar, pronounced the words, *salus revolutiae suprema lex*. Certainly, if the revolution demanded it, everything—democracy, liberty, the rights of the individual—must be sacrificed to it. If the democratic assembly elected by the Russian people after the revolution proved amenable to Marxist tactics, it would be kept in being as a Long Parliament; if not, it would be disbanded as quickly as possible. A Marxist revolution could not be carried through by men obsessed by scrupulous regard for the principles of bourgeois liberals. Doubtless whatever was valuable in these principles, like everything else good and desirable, would ultimately be realized by the victorious working class; but during the revolutionary period preoccupation with such ideals was evidence of a lack of seriousness."

Mr. Berlin goes on to say that "Plekhanov, who was brought up in a humane and liberal tradition, did, of course, later retreat from this position himself. The mixture of utopian faith and brutal disregard for civilized morality proved too repulsive to a man who had spent the greater part of his civilized and productive life among Western workers and their leaders. Like the vast majority of Social Democrats, like Marx and Engels themselves, he was too European to try to realize a policy which, in the words of Shigalev in Dostoevski's *The Possessed*, 'starting from unlimited liberty ends in unlimited despotism.' But Lenin accepted the premises, and being logically driven to conclusions repulsive to most of his colleagues, accepted them easily and without apparent qualms. His assumptions were, perhaps, in some sense, still those of the optimistic rationalists of the eighteenth and nineteenth centuries: the coercion, violence, execution, the total suppression of individual differences, the rule of a small, virtually self-appointed minority, were necessary only in the interim period, only so long as there was a powerful enemy to be destroyed."

But how was it that Lenin, and so many after him, have accepted easily and without apparent qualms the repulsive process of violence, executions, suppressions, deception, under the unlimited rule of self-appointed oligarchs? Why do the full-fledged totalitarians, Lenin, Hitler, Stalin, not shrink from the means they adopt to achieve their end? The answer is that the inhuman means are justified by the superhuman end: they are the agents of history or of nature. They are the men appointed to fulfill the destiny of creation. They have been known as atheists. But in fact God was their enemy, not because they did not believe in the Deity, but because they themselves were assuming His functions and claiming His prerogatives.

The Overpassing of the Bound

This is the root of the matter, and it is here that the ultimate issue lies. Can men, acting like gods, be appointed to establish heaven on earth? If we believe that they can be, then the rest follows. To fulfill their mission they must assume a godlike omnipotence. They must be jealous gods, monopolizing power, destroying all rivals, compelling exclusive loyalty. The family, the churches, the schools, the corporations, the labor unions and co-operative societies, the

*These quotations are from the *Manifesto of the Communist Party* (1848).

. . . "Men have been barbarians much longer than they have been civilized. . . . Within us there is the propensity, persistent as the force of gravity, to revert under stress and strain to our first natures"

voluntary associations and all the arts and sciences, must be their servants. Dissent and deviation are treason and quietism is sacrilege.

But the monopoly of all power will not be enough. There remains the old Adam. Unless they can remake the fallen nature of a man, the self-elected gods cannot make a heaven of the earth. In the Jacobin gospel of the eighteenth century, and even in the Marxist gospel of the nineteenth century, the new man would be there when the artificial garments were removed—when once he was emancipated by the revolutionary act from the deformation imposed upon him by the clergy, the nobility and the bourgeoisie. A hundred years later the new man was nowhere in sight. So the early and softer gospel gave way to a later and infinitely harder one. The new man and the new heaven on earth demanded the remaking of pre-Leninist and pre-Hitlerian man. The decrees of history as revealed to Marx, and the decrees of nature as revealed to Hitler, had to be carried out.

But in order to do that, the human species had first to be transformed—or failing that, exterminated. Destiny called upon the mortal god to make surviving mankind "an active unfailing carrier," as Hannah Arendt says, "of a law to which human beings would otherwise only passively and reluctantly be subject."

In the eyes of its devotees, this is not an inhuman and satanic doctrine. It is above and beyond humanity. It is for the superman that its gospel announces. The ruthlessness, the arbitrariness, the cruelty are not monstrous wickedness. They are natural and necessary, predestined like the fall of a sparrow, in the sublime construction of the earthly paradise.

The issue is carried outside the realm of rational discourse. As Richard Hooker said of the Puritan revolutionaries three centuries ago, when men believe they are acting "under the absolute command of Almighty God," their discipline "must be received . . . although the world by receiving it should be clean turned upside down."

There is no arguing with the pretenders to a divine knowledge and to a divine mission. They are possessed with the sin of pride, they have yielded to the perennial temptation. This is the sovereign evil against which the traditions of civility are arrayed.

* * *

The delusion of men that they are gods—the pretension that they have a commission to act as if they were gods—is, says Aeschylus, "the blind arrogance of childish thought." It can become "the very madness of a mind diseased." Yet it is not a new and recent infection, but rather the disposition of our first natures, of our natural and uncivilized selves. Men have been barbarians much longer than they have been civilized. They are only precariously civilized, and within us there is the propensity, persistent as the force of gravity, to revert under stress and strain, under neglect or temptation, to our first natures.

Rousseau and the Jacobins, Marx and the nineteenth-century socialists, did not introduce new impulses and passions into men. They exploited and aggravated impulses and passions that are always there. In the traditions of civility, man's second and more rational nature must master his first and more elemental.

The Jacobins and their successors made a political religion founded upon the reversal of civility. Instead of ruling the elemental impulses, they stimulated and armed them. Instead of treating the pretension to being a god as the mortal sin original, they proclaimed it to be the glory and destiny of man. Upon this gospel they founded a popular religion of the rise of the masses to power. Lenin, Hitler and Stalin, the hard totalitarian Jacobins of the twentieth century, carried this movement and the logical implications of its gospel further and further towards the very bitter end.

And what is that bitter end? It is an everlasting war with the human condition: war with the finitude of man and with the moral ends of finite men, and, therefore, war against freedom, against justice, against the laws and against the order of the good society—as they are conserved in the traditions of civility, as they are articulated in the public philosophy.

* * *

BOOK TWO: The Public Philosophy

CHAPTER VIII ★ ★ ★ The Eclipse of the Public Philosophy

The Great Vacuum

To speak of a public philosophy is, I am well aware, to raise dangerous questions, rather like opening Pandora's box.

Within the Western nations, as Father Murray has put it, there is "a plurality of incompatible faiths";* there is also a multitude of secularized and agnostic people. Since there is so little prospect of agreement, and such certainty of dissension, on the content of the public philosophy, it seems expedient not to raise the issues by talking about them. It is easier to follow the rule that each person's beliefs are private and that only overt conduct is a public matter.

One might say that this prudent rule reflects and registers the terms of settlement of the religious wars and of the long struggle against exclusive authority in the realm of the spirit by "thrones or dominations, or principalities or powers."

Freedom of religion and of thought and of speech were achieved by denying both to the state and to the established church a sovereign monopoly in the field of religion, philosophy, morals, science, learning, opinion and conscience. The liberal constitutions, with their bills of rights, fixed the boundaries past which the sovereign—the King, the Parliament, the Congress, the voters—were forbidden to go.

*John Courtney Murray, S.J., "The Problem of Pluralism in America," in *Thought* (Fordham University, Summer, 1954).

. . . "Can we assume that . . . there is a public philosophy? Is there a body of positive principles and precepts which a good citizen cannot deny or ignore?"

Yet the men of the seventeenth and eighteenth centuries who established these great salutary rules would certainly have denied that a community could do without a general public philosophy. They were themselves the adherents of a public philosophy—of the doctrine of natural law, which held that there was law "above the ruler and the sovereign people . . . above the whole community of mortals."

° ° °

. . . The public philosophy was in part expounded in the Bill of Rights of 1689. It was re-enacted in the first ten amendments of the Constitution of the United States. The largest part of the public philosophy was never explicitly stated. Being the wisdom of a great society over the generations, it can never be stated in any single document. But the traditions of civility permeated the peoples of the West and provided a standard of public and private action which promoted, facilitated and protected the institutions of freedom and the growth of democracy.

The founders of our free institutions were themselves adherents of this public philosophy. When they insisted upon excluding the temporal power from the realm of the mind and the spirit, it was not that they had no public philosophy. It was because experience had taught them that as power corrupts, it corrupts the public philosophy. It was, therefore, a practical rule of politics that the government should not be given sovereignty and proprietorship over the public philosophy.

But as time went on, there fell out of fashion the public philosophy of the founders of Western institutions. The rule that the temporal power should be excluded from the realm of the mind and of the spirit was then subtly transformed. It became the rule that ideas and principles are private—with only subjective relevance and significance. Only when there is "a clear and present danger" to public order are the acts of speaking and publishing in the public domain. All the first and last things were removed from the public domain. All that has to do with what man is and should be, or how he should hold himself in the scheme of things, what are his rightful ends and the legitimate means, became private and subjective and publicly unaccountable. And so, the liberal democracies of the West became the first great society to treat as a private concern the formative beliefs that shape the character of its citizens.

This has brought about a radical change in the meaning of freedom. Originally it was founded on the postulate that there was a universal order on which all reasonable men were agreed: within that public agreement on the fundamentals and on the ultimates, it was safe to permit and it would be desirable to encourage, dissent and dispute. But with the disappearance of the public philosophy—and of a consensus on the first and last things—there was opened up a great vacuum in the public mind, yawning to be filled.

As long as it worked, there was an obvious practical advantage in treating the struggle for the ultimate allegiance of men as not within the sphere of the public interest. It was a way of not having to open the Pandora's box of theological, moral and ideological issues which divide the Western society. But in this century, when the hard decisions have had to be made, this rule of prudence has ceased to work. The expedient worked only as long as the general mass of the people were not seriously dissatisfied with things as they are. It was an expedient that looked towards reforms and improvement. But it assumed a society which was secure, progressive, expanding, and unchallenged. That is why it was only in the fine Victorian weather, before the storm clouds of the great wars began to gather, that the liberal democratic policy of public agnosticism and practical neutrality in ultimate issues was possible.

The Neglect of the Public Philosophy

We come, then, to a crucial question. If the discussion of public philosophy has been, so to speak, tabled in the liberal democracies, can we assume that, though it is not being discussed, there is a public philosophy? Is there a body of positive principles and precepts which a good citizen cannot deny or ignore? I am writing this book in the conviction that there is. It is a conviction which I have acquired gradually, not so much from a theoretical education, but rather from the practical experience of seeing how hard it is for our generation to make democracy work. I believe there is a public philosophy. Indeed there is such a thing as the public philosophy of civility. It does not have to be discovered or invented. It is known. But it does have to be revived and renewed.

The public philosophy is known as *natural law*, a name which, alas, causes great semantic confusion. This philosophy is the premise of the institutions of the Western society, and they are, I believe, unworkable in communities that do not adhere to it. Except on the premises of this philosophy, it is impossible to reach intelligible and workable conceptions of popular election, majority rule, representative assemblies, free speech, loyalty, property, corporations and voluntary associations. The founders of these institutions, which the recently enfranchised democracies have inherited, were all of them adherents of some one of the various schools of natural law.

In our time the institutions built upon the foundations of the public philosophy still stand. But they are used by a public who are not being taught, and no longer adhere to, the philosophy. Increasingly, the people are alienated from the inner principles of their institutions. The question is whether and how this alienation can be overcome, and the rupture of the traditions of civility repaired.

Needless to say I am not about to argue that the rupture can be repaired by a neo-classical or neo-medieval restoration, or by some kind of romantic return to feudalism, folk-dancing and handicrafts. We cannot rub out the modern age, we cannot roll back the history that has made us what we are. We cannot start again as if there had been no advance of science, no spread of rationalism and secularism, no industrial revolution, no dissolution of the old habitual order of things, no sudden increase in the population. The poignant question is whether, and, if so, how modern men could make vital contact with the lost traditions of civility.

The appearance of things is quite obviously unpromising. There is radical novelty in our modern ways of life. The climate of feeling and the style of thought have changed radically. Modern men will first need to be convinced that the traditions of civility were not abandoned because they became antiquated. This is one of the roots of their unbelief and there is no denying its depth. Since the public philosophy preceded the advance of modern science and the industrial revolution, how can it be expected to provide a positive doctrine which is directly and practically relevant to the age we live in?

It does, one must admit, look like that, and quite evidently the original principles and precepts do not now provide the specific rules and patterns of a way of life in the circum-

. . . "Since the breakdown of public order during the First World War, there has been no security for multitudes and no ease of mind for anyone"

stances of this age. A rereading of the political classics from Aristotle to Burke will not give the answers to the immediate and concrete questions: to the burning issues of diplomacy, military defense, trade, taxes, prices, and wages. Nor have the classical books anything to say about repairing automobiles, treating poliomyelitis, or proceeding with nuclear fission. As handbooks for the busy man, wanting to know how to do this or that, they are now lamentably out of date. The language is archaic, the idiom is strange, the images are unfamiliar, the practical precepts are addressed to forgotten issues.

But this irrelevance and remoteness might be the dust which has settled during the long time when philosophers and scholars and popular educators have relegated the public philosophy to the attic, when they have treated it as no longer usable by modern and progressive men. It is a neglected philosophy. For several generations it has been exceptional and indeed eccentric to use this philosophy in the practical discussion of public policies.

Neglect might well explain its dilapidated condition. If this were the explanation, it would encourage us to explore the question of a renascence. Could modern men again make vital contact with the traditions of civility? At least once before something of the sort did happen. The traditions were articulated in the Graeco-Roman world, and submerged in the West by the decline and the fall of the Western empire. Later on they were revived and renovated and remade in a great flowering of discovery and enterprise and creativity. The revival of learning did not provide maps for Columbus to use in discovering America. But it did produce much human wisdom which helped Columbus and his contemporaries to discover themselves and their possibilities.

The ancient world, we may remind ourselves, was not destroyed because the traditions were false. They were submerged, neglected, lost. For the men adhering to them had become a dwindling minority who were overthrown and displaced by men who were alien to the traditions, having never been initiated and adopted into them. May it not be that while the historical circumstances are obviously so different, something like that is happening again?

* * *

The Rupture in Modern Times

The new school of natural law, which flourished from about 1500 to 1800, was a response to the pluralism of the modern age; to the rise of national states, to the schism of the Church, to the explorations and to the expansion of world commerce, to the advance of science and of secularism, to the progressive division and specialization of labor. As the diversity of belief, opinion and interest became greater, the need for a common criterion and for common laws became more acute.

The new school of natural law was able to meet this need until the end of the eighteenth century. That was long enough to preside over the founding of the British and the American constitutional orders, and of those which derive from them. But the school of natural law has not been able to cope with the pluralism of the later modern age—with the pluralism which has resulted from the industrial revolution and from the enfranchisement and the emancipation of the masses of the people.

In the simple and relatively homogeneous society of the eighteenth century natural law provided the principles of a free state. But then the mode of such thinking went out of fashion. In the nineteenth century little was done to remint the old ideas. They were regarded as obsolete and false, as hostile to the rise of democracy, and they were abandoned to the reactionaries. The great frame of reference to the rational order was missing. No body of specific principles and precepts was worked out in order to regulate international relations, nor to cope with the problems raised by the industrial revolution and the advance of science and technology.

Yet, in this pluralized and fragmenting society a public philosophy with common and binding principles was more necessary than it had ever been. The proof of the need is in the impulse to escape from freedom, which Erich Fromm has described so well. It has been growing stronger as the emancipation of the masses of the people from authority has brought the dissolution of public, general, objective criteria of the true and the false, the right and the wrong. "I can assure you," wrote André Gide in 1928, "that the feeling of *freedom* can plunge the soul into a sort of anguish."

"We know it from within, by a sort of immediate and personal experience," says Gilson, who was writing between the wars, that "Western culture was steadily following its process of dissolution." Similarly, Spengler's famous book on *The Decline of the West* was first published in 1918 but it was written before the outbreak of the war.

But until the historic disasters of our own time, the loneliness and anxiety of modern men had been private, without public and overt political effect. As long as the public order still provided external security, their inner insecurity was still a personal and private and inward affair. Since the breakdown of public order during the First World War, there has been no security for multitudes and no ease of mind for anyone.

Observing the public disorder in which he himself had always lived, and knowing how the inner disorder provoked the impulse to escape from it, Hitler conceived his doctrine. He had the insight of genius into human weakness, and he wrote in *Mein Kampf* that the masses are "like a woman . . . who will submit to the strong man rather than dominate the weakling . . . the masses love the ruler rather than the suppliant, and inwardly they are far more satisfied by a doctrine which tolerates no rival than by the grant of liberal freedom: they often feel at a loss what to do with it, and even easily feel themselves deserted."

The masses that Hitler was planning to dominate are the modern men who find in freedom from the constraints of the ancestral order an intolerable loss of guidance and of support. With Gide they are finding that the burden of freedom is too great an anxiety. The older structures of society are dissolving and they must make their way through a time of troubles. They have been taught to expect a steady progress towards a higher standard of life, and they have not been prepared to withstand the frustrations of a prolonged crisis in the outer world and the loneliness of their self-centered isolation.

They are the men who rise up against freedom, unable to cope with its insoluble difficulties and unable to endure the denial of communion in public and common truths. They have found no answer to their need and no remedy for their anguish in the principles and practice of freedom as they have known them in the liberal democracies of this century. There is a profound disorientation in their experience, a radical disconnection between the notions of their minds and the needs of their souls. . . .

* * *

CHAPTER IX ★ ★ ★ The Renewal of the Public Philosophy

The Capacity to Believe

The freedom which modern men are turned away from, not seldom with relief and often with enthusiasm, is the hollow shell of freedom. The current theory of freedom holds that what men believe may be important to them but that it has almost no public significance. The outer defenses of the free way of life stand upon the legal guarantees against the coercion of belief. But the citadel is vacant because the public philosophy is gone, and all that the defenders of freedom have to defend in common is a public neutrality and a public agnosticism.

Yet when we have demonstrated the need for the public philosophy, how do we prove that the need can be satisfied? Not, we may be sure, by exhortation, however eloquent, to rise to the enormity of the present danger, still less by lamentations about the glory and the grandeur that are past. Modern men, to whom the argument is addressed, have a low capacity to believe in the invisible, the intangible, and the imponderable.

Exhortation can capture the will to believe. But of the will to believe there is no lack. The modern trouble is in a low capacity to believe in precepts which restrict and restrain private interests and desire. Conviction of the need of these restraints is difficult to restore once it has been radically impaired. Public principles can, of course, be imposed by a despotic government. But the public philosophy of a free society cannot be restored by fiat and by force. To come to grips with the unbelief which underlies the condition of anomy, we must find a way to re-establish confidence in the validity of public standards. We must renew the convictions from which our political morality springs.

In the prevailing popular culture all philosophies are the instruments of some man's purpose, all truths are self-centered and self-regarding, and all principles are the rationalizations of some special interest. There is no public criterion of the true and the false, of the right and the wrong, beyond that which the preponderant mass of voters, consumers, readers, and listeners happen at the moment to be supposed to want.

There is no reason to think that this condition of mind can be changed until it can be proved to the modern skeptic that there are certain principles which, when they have been demonstrated, only the willfully irrational can deny, that there are certain obligations binding on all men who are committed to a free society, and that only the willfully subversive can reject them.

When I say that the condition of anomy cannot be corrected unless these things are proved to the modern skeptic, I mean that the skeptic must find the proof compelling. His skepticism cannot be cured by forcing him to conform. If he has no strong beliefs, he will usually conform if he is made to conform. But the very fact that he has been forced by the government or by the crowd will prove that the official doctrine lacked something in the way of evidence or of reason to carry full conviction. In the blood of the martyrs to intolerance are the seeds of unbelief.

In order to repair the capacity to believe in the public philosophy, it will be necessary to demonstrate the practical relevance and the productivity of the public philosophy. It is almost impossible to deny its high and broad generalities. The difficulty is to see how they are to be applied in the practical affairs of a modern state.

We are back, in a manner of speaking, before the Roman lawyers worked out the *ius gentium* and related it to the *ius naturale*, back with Alexander the Great, who understood the pressing need for common laws in a plural society, and with Zeno who formulated the higher generalities. Given the practical need which is acute, and the higher generalities, which are self-evident, can we develop a positive working doctrine of the good society under modern conditions? The answer which I am making to this question is that it can be done if the ideas of the public philosophy are recovered and are re-established in the minds of men of light and leading.

For Example: The Theory of Property

Let us, then, put the matter to the test by applying the public philosophy to some of the great topics of our public life.

° ° °

Because the legal owner enjoys the use of a limited necessity belonging to all men, he cannot be the sovereign lord of his possessions. He is not entitled to exercise his absolute and therefore arbitrary will. He owes duties that correspond with his rights. His ownership is a grant made by the laws to achieve not his private purposes but the common social purpose. And, therefore, the laws of property may and should be judged, reviewed and, when necessary, amended, so as to define the specific system of rights and duties that will promote the ends of society.

This is a doctrine of private property which denies the pretension to a "sole and despotic dominion." When Blackstone, though his conscience was troubled, accepted the sole and despotic dominion, he broke with the public philosophy and the traditions of civility. After his break the recognized theorists developed regressively the conception of private property as an absolute right. For a time they excluded from political philosophy, from jurisprudence and from legislation, almost any notion that property had duties as well as rights.

Absolute private property inevitably produced intolerable evils. Absolute owners did grave damage to their neighbors and to their descendants: they ruined the fertility of the land, they exploited destructively the minerals under the surface, they burned and cut forests, they destroyed the wild life, they polluted streams, they cornered supplies and formed monopolies, they held land and resources out of use, they exploited the feeble bargaining power of wage earners.

For such abuses of absolute property the political scientists and the law makers had no remedy. They had lost the tradition that property is the creation of the law for social purposes. They had no principles by which the law could deal with the abuses of property. The individualists of the nineteenth century could not, therefore, defend and preserve the system of private property by reforming it, and by adapting it to the circumstances of the modern age. They knew much about the rights of property and little about any corresponding duties. And so, because there was no legal remedy for the abuses of private property, because the duties which are the rational justification of property were no longer defined and enforced, the idea of private property lost its rational justification.

Between the property holders and the propertyless, who became the majority in many countries, there was, in consequence, no connecting bond, no consensus within the same realm of rational discourse. The proletariat had the duty to respect the rights of owners. But the owners owed no recipro-

. . . "The earth is the general property of all mankind. Private titles of ownership are assigned by law-making authorities to promote the grand ends of civil society. Private property is, therefore, a system of legal rights and duties"

cal duty to the proletariat. There were no obligations in which the proletarians found *their* rights. Thus there arose the ominous phenomenon of "the two nations," the confrontation of those who owned the earth by those who had nothing to lose. The latter were more numerous than the former. As they acquired votes, the main issue in the domestic politics of the democracies became the struggle between the minority who had so much absolute property and the great mass of the electorate who had so little property.

To this conflict there have been and are two possible outcomes: a gradual, cumulative, and perhaps at last a violent expropriation of the men of property--or reforms of the laws of property which restore adequate duties. But for several generations after Blackstone, the very idea of property as a system of duties was obscured. The public philosophy was discarded, and the most humane and enlightened men of the nineteenth century had little notion how rational reforms could be made. The alternatives, it appeared, were to defend absolute property against the growing discontent of the propertyless, or to abolish private property. It was a dangerous and a false dilemma. But in the nineteenth century this became the dilemma. The choice, it was said, was between individualism and collectivism, between Manchester and Marx, between absolute property maintained by the force of the few and absolute property abolished by the dictatorship of the mass.

The case of Blackstone has shown that a different and better theory of property was possible. It was possible *if* he and his successors had adhered to the public philosophy—if they had used, instead of abandoning, the principles which he stated so well. The earth is the general property of all mankind. Private titles of ownership are assigned by law-making authorities to promote the grand ends of civil society. Private property is, therefore, a system of legal rights and duties. Under changing conditions the system must be kept in accord with the grand ends of civil society.

Blackstone and his successors did not work out legal propositions from these principles. As I am contending that it would have been better if they had done so, I now ask myself what is the validity of these principles? Are they devices, like the rules of the road, for regulating the traffic? If they are only that, then another set of assumptions could be just as valid, like the rule of the road in Britain that one must drive to the left. One could, and in fact men have, constructed systems of property on quite different assumptions—on the assumption, for example, that the earth is the general property of white men only, or of a master race of white men, or of those castes which have not sinned in a previous incarnation. But if the principles are more than that, if they have a validity which overrides such special claims, what is the virtue which gives them their validity?

They are the laws of a rational order of human society—in the sense that all men, when they are sincerely and lucidly rational, will regard them as self-evident. The rational order consists of the terms which must be met in order to fulfill men's capacity for the good life in this world. They are the terms of the widest consensus of rational men in a plural society. They are the propositions to which all men concerned; if they are sincerely and lucidly rational, can be expected to converge. There could never be a consensus that Africa belongs to the descendants of the Dutch settlers; a property system founded on that pretension cannot be generally acceptable, and will generate disorder. The classical doctrine has a superior validity in that a system of property based upon it may obtain a consensus of support in the community, and would have the prospect of being workable.

When we speak of these principles as natural laws, we must be careful. They are not scientific "laws" like the laws of the motions of the heavenly bodies. They do not describe human behavior as it is. They prescribe what it should be. They do not enable us to predict what men will actually do. They are the principles of right behavior in the good society, governed by the Western traditions of civility.

It is possible to organize a state and to conduct a government on quite different principles. But the outcome will not be freedom and the good life.

For Example: Freedom of Speech

Only within a community which adheres to the public philosophy is there sure and sufficient ground for the freedom to think and to ask questions, to speak and to publish. Nobody can justify in principle, much less in practice, a claim that there exists an unrestricted right of anyone to utter anything he likes at any time he chooses. There can, for example, be no right, as Mr. Justice Holmes said, to cry "Fire" in a crowded theater. Nor is there a right to tell a customer that the glass beads are diamonds, or a voter that the opposition candidate for President is a Soviet agent.

Freedom of speech has become a central concern of the Western society because of the discovery among the Greeks that dialectic, as demonstrated in the Socratic dialogues, is a principal method of attaining truth, and particularly a method of attaining moral and political truth. . . .

° ° °

Divorced from its original purpose and justification, as a process of criticism, freedom to think and speak are not self-evident necessities. It is only from the hope and the intention of discovering truth that freedom acquires such high public significance. The right of self-expression is, as such, a private amenity rather than a public necessity. The right to utter words, whether or not they have meaning, and regardless of their truth, could not be a vital interest of a great state but for the presumption that they are the chaff which goes with the utterance of true and significant words.

But when the chaff of silliness, baseness, and deception is so voluminous that it submerges the kernels of truth, freedom of speech may produce such frivolity, or such mischief, that it cannot be preserved against the demand for a restoration of order or of decency. If there is a dividing line between liberty and license, it is where freedom of speech is no longer respected as a procedure of the truth and becomes the unrestricted right to exploit the ignorance, and to incite the passions, of the people. Then freedom is such a hullabaloo of sophistry, propaganda, special pleading, lobbying, and salesmanship that it is difficult to remember why freedom of speech is worth the pain and trouble of defending it.

. . . "Rarely, and on very few public issues, does the mass audience have the benefit of the process by which truth is sifted from error—the dialectic of debate in which there is immediate challenge, reply, cross-examination, and rebuttal"

What has been lost in the tumult is the meaning of the obligation which is involved in the right to speak freely. It is the obligation to subject the utterance to criticism and debate. Because the dialectical debate is a procedure for attaining moral and political truth, the right to speak is protected by a willingness to debate.

In the public philosophy, freedom of speech is conceived as the means to a confrontation of opinion—as in a Socratic dialogue, in a schoolmen's disputation, in the critiques of scientists and savants, in a court of law, in a representative assembly, in an open forum.

° ° °

And because the purpose of the confrontation is to discern truth, there are rules of evidence and of parliamentary procedure, there are codes of fair dealing and fair comment, by which a loyal man will consider himself bound when he exercises the right to publish opinions. For the right to freedom of speech is no license to deceive, and willful misrepresentation is a violation of its principles. It is sophistry to pretend that in a free country a man has some sort of inalienable or constitutional right to deceive his fellow men. There is no more right to deceive than there is a right to swindle, to cheat, or to pick pockets. It may be inexpedient to arraign every public liar, as we try to arraign other swindlers. It may be a poor policy to have too many laws which encourage litigation about matters of opinion. But, in principle, there can be no immunity for lying in any of it protean forms.

In our time the application of these fundamental principles poses many unsolved practical problems. For the modern media of mass communication do not lend themselves easily to a confrontation of opinions. The dialectical process for finding truth works best when the same audience hears all the sides of the disputation. This is manifestly impossible in the moving pictures: if a film advocates a thesis, the same audience cannot be shown another film designed to answer it. Radio and television broadcasts do permit some debate. But despite the effort of the companies to let opposing views be heard equally, and to organize programs on which there are opposing speakers, the technical conditions of broadcasting do not favor genuine and productive debate. For the audience, tuning on and tuning off here and there, cannot be counted upon to hear, even in summary form, the essential evidence and the main arguments on all the significant sides of a question. Rarely, and on very few public issues, does the mass audience have the benefit of the process by which truth is sifted from error—the dialectic of debate in which there is immediate challenge, reply, cross-examination, and rebuttal. The men who regularly broadcast the news and comment upon the news cannot—like a speaker in the Senate or in the House of Commons—be challenged by one of their listeners and compelled then and there to verify their statements of fact and to re-argue their inferences from the facts.

Yet when genuine debate is lacking, freedom of speech does not work as it is meant to work. It has lost the principle which regulates it and justifies it—that is to say, dialectic conducted according to logic and the rules of evidence. If there is no effective debate, the unrestricted right to speak will unloose so many propagandists, procurers, and panderers upon the public that sooner or later in self-defense the people will turn to the censors to protect them. An unrestricted and unregulated right to speak cannot be maintained. It will be curtailed for all manner of reasons and pretexts, and to serve all kinds of good, foolish, or sinister ends.

For in the absence of debate unrestricted utterance leads to the degradation of opinion. By a kind of Gresham's law the more rational is overcome by the less rational, and the opinions that will prevail will be those which are held most ardently by those with the most passionate will. For that reason the freedom to speak can never be maintained merely by objecting to interference with the liberty of the press, of printing, of broadcasting, of the screen. It can be maintained only by promoting debate.

In the end what men will most ardently desire is to suppress those who disagree with them and, therefore, stand in the way of the realization of their desires. Thus, once confrontation in debate is no longer necessary, the toleration of all opinions leads to intolerance. Freedom of speech, separated from its essential principle, leads through a short transitional chaos to the destruction of freedom of speech.

It follows, I believe, that in the practice of freedom of speech, the degree of toleration that will be maintained is directly related to the effectiveness of the confrontation in debate which prevails or can be organized. In the Senate of the United States, for example, a Senator can promptly be challenged by another Senator and brought to an accounting. Here among the Senators themselves the conditions are most nearly ideal for the toleration of all opinions.*

At the other extreme there is the secret circulation of anonymous allegations. Here there is no means of challenging the author, and without any violation of the principles of freedom, he may properly be dealt with by detectives, by policemen, and the criminal courts. Between such extremes there are many problems of toleration which depend essentially upon how effective is the confrontation in debate. Where it is efficient, as in the standard newspaper press taken as a whole, freedom is largely unrestricted by law. Where confrontation is difficult, as in broadcasting, there is also an acceptance of the principle that some legal regulation is necessary—for example, in order to insure fair play for political parties. When confrontation is impossible, as in the moving picture, or in the so-called comic books, there will be censorship.

The Limits of Dissent

The counterrevolutionary movements have subjected the liberal democracies to severe stresses and strains: how to insure their security and survival without abandoning their liberties. They are faced with popular movements, aided and abetted by unfriendly foreign powers, and employing the machinery of democratic government to capture it and in order to abolish it. When they are working to attain power and before they do attain it, the fascists and communist parties invoke all the guarantees of the bill of rights, all the prerogatives of popular parties, of elections, of representation of the assemblies, of tenure in the civil service. But when they attain power, they destroy the liberal demo-

*For non-Senators attacked by Senators the case is different.

. . . "The question of whether the liberal democratic states should outlaw, or in other ways contain, counterrevolutionary movements is not one of principle but of expediency and practical prudence. There is no doubt about the principle: that the counterrevolutionary movements are enemies of the state, and must be defeated"

cratic institutions on which, as on a broad staircase, they climbed to power.

This exploitation of free institutions is, it seems to me, compelling proof that these institutions are inseparable from the public philosophy. If the connection is forgotten, as is so generally the case in the contemporary democracies, free institutions are poorly defended by the liberal democracies. They are the easy prey of their enemies. Either the fascists seize power in order to forestall the communists, or the communists seize power to forestall the fascists.

There is no equivocation in the public philosophy about the principle of the defense of free institutions. The rule is that the right to enjoy them and the duty to maintain them are inseparable. The right to these institutions is, that is to say, for those who adhere to them.

The criterion of loyalty is an indubitable commitment to defend and preserve the order of politic... ...d civil rights. The question of whether the liberal democratic states should outlaw, or in other ways contain, counterrevolutionary movements is not one of principle but of expediency and practical prudence. There is no doubt about the principle: that the counterrevolutionary movements are enemies of the state, and must be defeated.

In applying the principle the specific question of whether this party or that individual is or is not loyal is a matter to be determined by due process. For while there can be no right to destroy the liberal democratic state, there is an inalienable right to have the question adjudicated justly in all particular cases as to whether this person or that is an enemy of the state. This right cannot be denied to those who have not been proved guilty without denying it to all who would be proved not guilty.

The limits of dissent are not too difficult to fix when we are dealing with avowedly revolutionary parties like the communists and the fascists. The borderline between sedition and radical reform is between the denial and the acceptance of the sovereign principle of the public philosophy: that we live in a rational order in which by sincere inquiry and rational debate we can distinguish the true and the false, the right and the wrong. The counterrevolutionists, who suppress freedom in order to propagate the official doctrine, reject the procedure by which in the free society official policy is determined.

Rational procedure is the ark of the covenant of the public philosophy. There is no set of election laws or constitutional guarantees which are unchangeable. . . .

° ° °

The Mirror of History

We find, then, that the principle of freedom of speech, like that of private property, falls within the bounds of the public philosophy. It can be justified, applied, regulated in a plural society only by adhering to the postulate that there is a rational order of things in which it is possible, by sincere inquiry and rational debate, to distinguish the true and the false, the right and the wrong, the good which leads to the realization of human ends and the evil which leads to destruction and to the death of civility.

The free political institutions of the Western world were conceived and established by men who believed that hon reflection on the common experience of mankind would alwa cause men to come to the same ultimate conclusions. Wit the Golden Rule of the same philosophy for elucidating th ultimate ends, they could engage with confident hope in t progressive discovery of truth. All issues could be settled scientific investigation and by free debate if—but only if— the investigators and the debaters adhered to the public p losophy; if, that is to say, they used the same criteria a rules of reason for arriving at the truth and for distinguishi good and evil.

Quite evidently, there is no clear sharp line which can drawn in any community or among communities betwe those who adhere and those who do not adhere to the publ philosophy. But while there are many shades and degre in the spectrum, the two ends are well-defined. When t adherence of the whole body of people to the public philos phy is firm, a true community exists; where there is div sion and dissent over the main principles the result is condition of latent war.

In the maintenance and formation of a true community t articulate philosophy is, one might say, like the thread whic holds the pieces of the fabric together. Not everyone can ha mastered the philosophy; most people, presumably, may ha heard almost nothing about it. But if among the people light and leading the public philosophy has, as the Chine say, the Mandate of Heaven, the beliefs and the habits whic cause men to collaborate will remain whole. But if the publ philosophy is discarded among them, being treated as rea tionary or as nonsensical, then the stitches will have be pulled out and the fabric will come apart.

The fabrics in the metaphor are the traditions of how th good life is lived and the good society is governed. When the come apart, as they have in the Western democracies, th result is tantamount to a kind of collective amnesia. The lib eral democracies have been making mistakes in peace and i war which they would never have made were they not suffe ing from what is a failure of memory. They have forgotte too much of what their predecessors had learned before them. The newly enfranchised democracies are like men who hav kept their appetites but have forgotten how to grow food. They have the perennial human needs for law and order, fo freedom and justice, for what only good government can giv them. But the art of governing well has to be learned. If it i to be learned, it has to be transmitted from the old to the young, and the habits and the ideas must be maintained as a seamless web of memory among the bearers of the tradition generation after generation.

When the continuity of the traditions of civility is rup tured, the community is threatened: unless the rupture is re paired, the community will break down into factional, class racial and regional wars. For when the continuity is inter rupted, the cultural heritage is not being transmitted. The new generation is faced with the task of rediscovering and re-inventing and relearning, by trial and error, most of what the guardians of a society need to know.

No one generation can do this. For no one generation of men are capable of creating for themselves the arts and sciences of a high civilization. Men can know more than their

. . . "The radical error of the modern democratic gospel is that it promises, not the good life of this world, but the perfect life of heaven"

ancestors did if they start with a knowledge of what their ancestors had already learned. They can do advanced experiments if they do not have to learn all over again how to do the elementary ones. That is why a society can be progressive only if it conserves its traditions. The generations are, as Bernard of Chartres said, "like dwarfs seated on the shoulders of giants," enabled, therefore, to "see more things than the Ancients and things more distant."

CHAPTER X ★ ★ ★ The Two Realms

The Confusion of the Realms

Against man living in the civilized tradition, who like Socrates rules his private impulses by the laws of the public world, there are arrayed the great adversaries. They tempt him with a total promise—that in a short and glorious struggle they will take him into the earthly heaven where he will realize all his hopes. The root of the matter is in these two conceptions of the human condition, and the ultimate issue is in the conflict between them.

As the bitter end has become visible in the countries of the total revolution, we can see how desperate is the predicament of modern men. The terrible events show that the harder they try to make earth into heaven, the more they make it a hell.

Yet, the yearning for salvation and for perfection is most surely not evil, and it is, moreover, perennial in the human soul. Are men then doomed by the very nature of things to be denied the highest good if it cannot be materialized in this world and if, as so large a number of modern men assume, it will not be materialized in another world?

The answer to this question is known. It can be had by recognizing the difference between the realm of existence where objects are materialized to our senses, and the realm of essence, where they are present to the mind. I am using the ambiguous but irreplaceable word "essence" as meaning the true and undistorted nature of things. The understanding of our relation to these two realms of being is exceedingly difficult to communicate, so difficult that, as a matter of fact, it has remained an esoteric wisdom.

Yet if there is a way out of the modern predicament, it begins, I believe, where we learn to recognize the difference between the two realms. For the radical error of the modern democratic gospel is that it promises, not the good life of this world, but the perfect life of heaven. The root of the error is the confusion of the two realms—that of this world where the human condition is to be born, to live, to work, to struggle and to die, and that of the transcendent world in which men's souls can be regenerate and at peace. The confusion of these two realms is an ultimate disorder. It inhibits the good life in this world. It falsifies the life of the spirit.

• • •

The Balance of Powers

As a man awakens from his primordial condition where, as Bacon said, custom is the principal magistrate of his life, he finds himself living in two worlds and subject to two allegiances. There is the familiar world which he knows through his senses and there is a world of which he has only intimations and knows only through the eyes of his mind. He is drawn between the two disparate realms of being, and the tension within them is the inexhaustible theme of human discourse. To neither can he give his whole allegiance. Their prevailing contrasts are his wretchedness. Their occasional harmonies in the lives of saints and the deeds of heroes and the excellence of genius are his glory.

In the traditions of civility, the prevailing view has been that the two realms are inseparable but disparate, and that man must work out his destiny in the balance, which is never fixed finally between the two.

This is a view which has, however, always been challenged. There are the hedonists who would withdraw wholly *into* the realm of existence, to eat, drink, and be merry without the pains and the qualms that go with immortal yearnings. The view of civility has been challenged by the ascetics who would withdraw *from* the realm of existence, waiting for the end of the world and their own release from mortality. It has been challenged by the primitive Chiliasts, who live in the expectation that the millennium, according to the revelation of Saint John, is near at hand. And it has been challenged by the modern perfectionists who believe that by their own revolutionary acts men can make themselves the creators of heaven on this earth. In all these views the error stems from the same fundamental disorder. All refuse to recognize that, on the one hand, the two realms cannot be fused, and that, on the other hand, they cannot be separated and isolated—that they must be related by striking, maintaining, redressing a balance between them.

This is a complex and subtle truth, rather like a surd in mathematics which cannot be expressed in the finite terms of ordinary quantities.

Because we are drawn between the two realms, there can be no definitive line of demarcation of the orbits of the state and of the church. Though the political government is concerned primarily with the affairs of the existential world, though the churches are primarily committed to the realm of the spirit, they meet whenever and wherever there are issues of right and wrong, issues of what is the nature of man, of what is his true image, his place in the scheme of things, and his destiny. Both the state and the churches are involved in these decisions, and their relationship cannot be defined by any clear, precise demarcation of their respective spheres of influence.

In the tension between them, which is the theme of so much of the history of the Western society, neither must be allowed to conquer and absorb the other. The experience of the West has taught that lesson. But it has taught, also, that the two realms cannot be separated, that they cannot be isolated and insulated in different compartments. There is little room for freedom under the absolute power of a totalitarian church which dominates the secular force of the government, and none under a totalitarian state which has absorbed the spiritual powers into the secular. The best that is possible in the human condition, and in the world as it is, is that the state and the churches should each be too strong to be conquered, not strong enough to have unlimited dominion. It is in the righting of the balance between them that reason escapes from the oppressions of excessive power, and can realize its opportunities.

But while the separation of the powers of the churches

. . . "I believe that the public philosophy can be revived"

and of the state is essential to a right relationship between them, the negative rule is not the principle of their right relationship. Church and state need to be separate, autonomous, and secure. But they must also meet on all the issues of good and evil.

These issues arise concretely in the fixing of public policy about the family, marriage, divorce, the authority of the father and of the mother, the guardianship of children, education, inheritance, the distribution of wealth, crime and punishment, standards of taste, loyalty and allegiance, righteous and unrighteous war. These issues, as Pope Leo XIII said in the Encyclical *Immortale Dei* (1885), belong "to the jurisdiction and judgment of both" the ecclesiastical and the civil power.

In all these matters the final word is in neither of the two realms of being. There is in truth no final word. Instead there are the provisional points of equilibrium of an unending tension among variable elements. Where exactly the point of equilibrium will be in a particular place and at a particular time cannot be defined *a priori*. It must be judged empirically within the postulates of the public philosophy. For the elements which have to come into equilibrium are variables. That is why governing is not engineering but an art. That is why the same constitution and codes of laws cannot, like the plans for a jet engine, be used by all countries at any time or by any country all the time.

• • •

CHAPTER XI ★ ★ ★ The Defense of Civility

The Thesis Restated

We have now made a reconnaissance in the public philosophy in order to test the chances of its revival. Our warrant for making this attempt rests on certain general findings about the condition of the Western world.

The first is that free institutions and democracy were conceived and established by men who adhered to a public philosophy. Though there have been many schools in this philosophy, there are fundamental principles common to all of them; that, in Cicero's words, "law is the bond of civil society," and that all men, governors and the governed, are always under, are never above, laws: that these laws can be developed and refined by rational discussion, and that the highest laws are those upon which all rational men of good will, when fully informed, will tend to agree.

The second finding from which we have proceeded, in our inquiry, is that the modern democracies have abandoned the main concepts, principles, precepts, and the general manner of thinking which I have been calling the public philosophy. I hold that liberal democracy is not an intelligible form of government and cannot be made to work except by men who possess the philosophy in which liberal democracy was conceived and founded. The prospects of liberal democracy in this time of mighty counterrevolutions are, therefore, bound up with the question whether the public philosophy is obsolete or whether it can be revived, reunited and renewed.

I believe that the public philosophy can be revived, and the reconnaissance which we have made has been a demonstration that when it is applied to such central concepts as popular sovereignty, property, freedom of speech, and education, the public philosophy clarifies the problems and opens the way towards rational and acceptable solutions. The revival of the public philosophy depends on whether its principles and precepts—which were articulated before the industrial revolution, before the era of rapid technological change, and before the rise of the mass democracies—depends on whether this old philosophy can be reworked for the modern age. If this cannot be done, then the free and democratic nations face the totalitarian challenge without a public philosophy which free men believe in and cherish, with no public faith beyond a mere official agnosticism, neutrality and indifference. There is not much doubt how the struggle is likely to end if it lies between those who, believing, care very much—and those who, lacking belief, cannot care very much.

The Communication Of the Public Philosophy

We come now to the problem of communicating the public philosophy to the modern democracies. The problem has been, to be sure, only too obvious from the beginning. For, as we have seen, the public philosophy is in a deep contradiction with the Jacobin ideology, which is, in fact, the popular doctrine of the mass democracies. The public philosophy is addressed to the government of our appetites and passions by the reasons of a second, civilized, and, therefore, acquired nature. Therefore, the public philosophy cannot be popular. For it aims to resist and to regulate those very desires and opinions which are most popular. The warrant of the public philosophy is that while the regime it imposes is hard, the results of rational and disciplined government will be good. And so, while the right but hard decisions are not likely to be popular when they are taken, the wrong and soft decisions will, if they are frequent and big enough, bring on a disorder in which freedom and democracy are destroyed.

If we ask whether the public philosophy can be communicated to the democracies, the answer must begin with the acknowledgment that there must be a doctrine to communicate. The philosophy must first be made clear and pertinent to our modern anxieties. Our reconnaissance has been addressed to that first need.

But beyond it lies the problem of the capacity and the willingness of modern men to receive this kind of philosophy. The concepts and the principles of the public philosophy have their being in the realm of immaterial entities. They cannot be experienced by our sense organs or even, strictly speaking, imagined in visual or tangible terms. Yet these essences, these abstractions, which are out of sight and out of touch, are to have and to hold men's highest loyalties.

The problem of communication is posed because in the modern world, as it is today, most men—not all men, to be sure, but most active and influential men—are in practice positivists who hold that the only world which has reality is the physical world. Only seeing is believing. Nothing is real enough to be taken seriously, nothing can be a matter of deep concern, which cannot, or at least might not, somewhere and sometime, be seen, heard, tasted, smelled, or touched.

° ° °

Because it is difficult to care about that which is not concrete, there is, in Tillich's language, "a tension in human experience." In order to become concerned about, to feel committed to, transcendent objects, we have to believe in them:

. . . "The signs and seals of legitimacy, of rightness and of truth, have been taken over by men who reject, even when they are not the avowed adversaries of, the doctrine of constitutional democracy"

believe in them they must be concrete, they must in fact or imagination be drawn into the orbit of our sense organs. But as we condescend in this fashion to our capacity, attributing foot and hand to God, the belief becomes involved with, often dependent upon, the materialization. Because of this dependence, the belief is vulnerable. For a little knowledge, as for example that the foot and hand are a metaphor, may destroy the belief.

* * *

The Mandate of Heaven

At the end, then, the questions are how we conceive of ourselves and the public world beyond our private selves. Much depends upon the philosophers. For though they are not kings, they are, we may say, the teachers of the teachers. "In the history of Western governments," says Francis G. Wilson, "the transitions of society can be marked by the changing character of the intellectuals," who have served the government as lawyers, advisers, administrators, who have been teachers in the schools, who have been members of professions like medicine and theology. It is through them that doctrines are made to operate in practical affairs. And their doctrine, which they, themselves, have learned in the schools and universities, will have the shape and the reference and the direction which the prevailing philosophy gives it.

That is how and why philosophy and theology are the ultimate and decisive studies in which we engage. In them are defined the main characteristics of the images of man which will be acted upon in the arts and sciences of the epoch. The role of philosophers is rarely, no doubt, creative. But it is critical, in that they have a deciding influence in determining what may be believed, how it can be believed, and what cannot be believed. The philosophers, one might say, stand at the crossroads. While they may not cause the traffic to move, they can stop it and start it, they can direct it one way or the other.

I do not contend, though I hope, that the decline of Western society will be arrested if the teachers in our schools and universities come back to the great tradition of the public philosophy. But I do contend that the decline, which is already far advanced, cannot be arrested if the prevailing philosophers oppose this restoration and revival, if they impugn rather than support the validity of an order which is superior to the values that Sartre tells each man "to invent."

What the prevailing philosophers say about religion is not itself, in Tillich's terms, religion as an ultimate concern of worship and of love. But if the philosophers teach that religious experience is a purely psychological phenomenon, related to nothing beyond each man's psychic condition, then they will give educated men a bad intellectual conscience if they have religious experiences. The philosophers cannot give them religion. But they can keep them away from it.

Philosophers play the same role in relation to the principles of the good society. These require, as we have seen, the mastery of human nature in the raw by an acquired rational second nature. In the literal sense, the principles of the good society must be unpopular until they have prevailed sufficiently to alter the popular impulses. For the popular impulses are opposed to public principles. These principles cannot be made to prevail if they are discredited,—if they are dismissed as superstition, as obscurantism, as meaningless metaphysics, as reactionary, as self-seeking rationalizations.

The public philosophy is in a large measure intellectually discredited among contemporary men. Because of that, what we may call the terms of discourse in public controversy are highly unfavorable to anyone who adheres to the public philosophy. The signs and seals of legitimacy, of rightness and of truth, have been taken over by men who reject, even when they are not the avowed adversaries of, the doctrine of constitutional democracy.

If the decline of the West under the misrule of the people is to be halted, it will be necessary to alter these terms of discourse. They are now set overwhelmingly against the credibility and against the rightness of the principles of the constitutional state; they are set in favor of the Jacobin conception of the emancipated and sovereign people.

I have been arguing, hopefully and wishfully, that it may be possible to alter the terms of discourse if a convincing demonstration can be made that the principles of the good society are not, in Sartre's phrase, invented and chosen—that the conditions which must be met if there is to be a good society are there, outside our wishes, where they can be discovered by rational inquiry, and developed and adapted and refined by rational discussion.

If eventually this were demonstrated successfully, it would, I believe, rearm all those who are concerned with the anomy of our society, with its progressive barbarization, and with its descent into violence and tyranny. Amidst the quagmire of moral impressionism they would stand again on hard intellectual ground where there are significant objects that are given and are not merely projected, that are compelling and are not merely wished. Their hope would be re-established that there is a public world, sovereign above the infinite number of contradictory and competing private worlds. Without this certainty, their struggle must be unavailing.

As the defenders of civility, they cannot do without the signs and seals of legitimacy, of rightness and of truth. For it is a practical rule, well known to experienced men, that the relation is very close between our capacity to act at all and our conviction that the action we are taking is right. This does not mean, of course, that the action *is* necessarily right. What is necessary to continuous action is that it shall be *believed* to be right. Without that belief, most men will not have the energy and will to persevere in the action. Thus satanism, which prefers evil as such, is present in some men and perhaps potential in many. Yet, except in a condition of the profoundest hysteria, as in a lynching, satanism cannot be preached to multitudes. Even Hitler, who was enormously satanic and delighted in monstrous evil, did nevertheless need, it would seem, to be reassured that he was not only a great man but, in a mysterious way, a righteous one.

William Jennings Bryan once said that to be clad in the armor of righteousness will make the humblest citizen of all the land stronger than all the hosts of error. That is not quite true. But the reason the humblest citizen is not stronger than the hosts of error is that the latter also are clad in an armor which they at least believe is the armor of righteousness. Had they not been issued the armor of righteousness, they would not, as a matter of fact, be a host at all. For political ideas acquire operative force in human affairs when, as we have seen, they acquire legitimacy, when they have the title of being right which binds men's consciences. Then they possess, as the Confucian doctrine has it, "the mandate of heaven."

In the crisis within the Western society, there is at issue now the mandate of heaven.

MAN'S MIRACLE?

BY DAVID LAWRENCE

AGAIN SCIENCE has come forward to save man from a dread disease.

Generations have suffered from it amid hopes that some day a miracle would be achieved.

The miracle has come. All honor to the scientists, Dr. Jonas Salk and the others, who have brought to mankind the relief so long and desperately sought as countless children have succumbed yearly to the ravages of poliomyelitis.

It is an historic coincidence that announcement of the discovery came on the tenth anniversary of the death of the late President Franklin D. Roosevelt. His valiant fight against polio, which struck him at the age of thirty-nine, helped to dramatize in later years the public drives that won so much financial support from the people of America for the National Foundation for Infantile Paralysis.

What great hope one man's struggle instilled in the minds of other victims! To what heights could they aspire—since, indeed, one whose physical movements were restricted by the paralysis of his legs could nevertheless campaign actively and become President of the United States! It was an example that conveyed a message of encouragement to millions of persons with a frustrated outlook on what the future held for them.

Today the parents of children who might otherwise be potential victims of polio can rejoice that a vaccine has been found which in nearly all cases will prove effective. While research is yet to be completed, especially as to certain strains of the disease found abroad, the door has at least been opened. Science has conquered another enemy of man—adding to victories attained heretofore over typhoid and yellow fever and tuberculosis.

It is naturally hoped that the intense study concentrated in recent years by medical experts everywhere on another disease—cancer—may in the not-far-distant future also bring a preventive. In the laboratories day and night technicians are striving for that momentous result. The prayers of mankind are directed toward what may be the next great discovery of our times in the field of medicine.

We are inclined to credit man with all such achievements. Do we forget perhaps that behind man is the guidance of the Master?

The mysteries of man's successes and defeats are not unfolded to our finite minds. For, even as man makes great discoveries in science and by his inventions changes the life of the world, nature often exhibits a power greater than any that man himself can generate.

The force of a tornado or of a hurricane can be stronger than that of a hydrogen bomb.

No invention as yet has conquered the most violent storms to assure the safety of all vessels at sea.

The sun is still a puzzling antagonist, as well as a great benefactor.

When we seek mastery over the elements, however, it is not in defiance but in self-protection against the dangers they may suddenly bring.

But, even as we manage to conquer a terrible disease, we are concerned because there are in the world today governments which threaten to use germs as an instrument of war. Our own experimentation in this field is carried on solely to teach us how to deal with such a scourge if an unmoral government some day decides to use germ warfare. The mere existence of such lethal weapons, however, is in itself a sad commentary on the deterioration of the human spirit in Moscow and Peiping, where such plots are hatched.

Of what avail is it to conquer the germs of disease that spread themselves naturally if we are to encounter the germs of man-made plagues, too?

We are reminded, moreover, that the worst epidemic of all—war itself—knows as yet no vaccine.

We have not yet found the way by which governments can be inoculated against the making of arbitrary decisions to kill innocent men, women and children. We have in our lifetime seen it happen twice. This seemed impossible, but it happened.

Can it be said that the satanic instinct in man is still battling for supremacy against the Divine Spirit?

When we learn of the amazing discovery of a vaccine to ward off polio, we are encouraged to believe that it is not the hand of man but of a Divine Providence which guides us toward new accomplishments in the field of human welfare.

Perhaps our generations have been remiss as we have glorified the achievements of man in a world of materialism. Perhaps our shortcoming has been an inability to perceive through the years of suffering that another way is open to us. Perhaps this new respite—prolongation of life through such medical discoveries—points a moral in human history. Perhaps it tells us that God may be merciful if men will only act toward one another in a manner which will deserve His blessings.

"GET A HORSE!" THEY HOOTED, AND YOU DID—200 OF 'EM!

THE HOOTS came from village wisecrackers, poking fun at turn-of-the-century car owners.

The Ford then had the power of 4 horses, Cadillac 6½. Today's Ford has 162 horsepower. Today's Cadillac and the new Chrysler, 250.

Every year you have added more horses to your mechanized stable. The recent year has seen one of the most sensational rises in horsepower in automotive history. Where will it end? Is there a limit to the number of horses your stable can hold?

Predicting a limit to automotive horsepower is like saying that man will never fly above a certain altitude, or submerge below a certain depth. *There is no foreseeable limit to a car's horsepower.*

As you know, rising horsepower and higher compression ratios demand new and different gasolenes and oils.

Neither oil men nor automobile men dare limit themselves to present-day automobile designs. They *must* think and work in the future. For example:

The new Cities Service 5-D gasolene and 5-D motor oil stem from years of research and planning for the higher requirements of 1954 and 1955 cars. Their success is proved by customer demand—the sharpest upward rise in sales in Cities Service history.

To make these fuels and lubes a reality, Cities Service has completed a 35 million dollar installation of radically advanced equipment in its refineries. This puts Cities Service years ahead in ability to provide new gasolenes and motor oils for cars of next year, and the next year and the next year.

CITIES SERVICE

A Crowth Company

Here's how your horsepower is going up—

—a single year's record*

MAKE AND MODEL	HORSEPOWER		COMPRESSION RATIO	
	1954	1955	1954	1955
Buick V8-40	143	188	7.2	7.5 (Stand.) 8.4 (Dyna.)
Buick V8-60	195	236	8.0	8.4 (Stand.) 9.0 (Dyna.)
Buick V8-50	177	236	8.0	8.4 (Stan.) 9.0 (Dyna.)
Buick V8-70	200	236	8.5	9.0
Cadillac V8	230	250	8.25	9.0
Chevrolet 6-1500	115 125	123 (Stand.) 136 (Pow. Glide)	7.5	7.5
Chevrolet 6-2100	115 125	123 (Stand.) 136 (Pow. Glide)	7.5	7.5
Chevrolet 6-2400	115 125	123 (Stand.) 136 (Pow. Glide)	7.5	7.5
Chrysler Windsor (went from 6 to 8)	119	188	7.0	8.0
Chrysler New Yorker	235	250	7.5	8.5
Imperial V8	235	250	7.5	8.5
Crown Imperial	235	250	7.5	8.5
DeSoto S-20 Power Master (went from 6 to 8)	116	185	7.0	7.5
DeSoto S-19 Firedome	170	200	7.5	7.5
Dodge Coronet 6	110	123	7.25	7.4
Dodge Coronet 8	150	175	7.5	7.6
Dodge Royal	150	183	7.5	7.6
Ford 6	115	120	7.2	7.5
Ford V8	130	162	7.2	7.6
Lincoln	205	225	8.0	8.5
Mercury	161	188	7.5	7.6
Nash Rambler 100" w.b. (Nash-Hudson in 1955)	85	90	7.25	7.3
Oldsmobile 88	170	185	8.25	8.5
Oldsmobile Super 88	185	202	8.25	8.5
Oldsmobile 98	185	202	8.25	8.5
Plymouth Plaza 6	100	117	7.1	7.4
" Savoy & Belvedere 6	100	117	7.25	7.4
Pontiac Star Chief (went from 6 to 8)	127	180	7.7	8.0
Studebaker Champion 6	85	101	7.5	7.5
Studebaker Commander V8	127	140	7.5	7.5
Willys Lark	75	115	6.9	7.3

* Compiled by "Motor Age"